



Daily Report

West Europe

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Tuesday
6 February 1996

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January 1996

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FBIS-WEU-96-025

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NATO: Solana Urges IFOR Stay in Bosnia Until Elections

*LD0302123596 Berlin N-TV in German
1100 GMT 3 Feb 96*

[FBIS Translated Text] NATO Secretary General Javier Solana wants to leave the Implementation Force [IFOR] in Bosnia until the elections. The soldiers must safeguard security during the elections, he said. Solana is taking part in the Munich Security Policy Conference this weekend. He told N-TV that he expected NATO to be deployed in Bosnia for one year.

[Begin Solana recording in English with superimposed German translation] Well, I hope we have enough troops and enough time to resolve the situation in Bosnia-Herzegovina from a military point of view. But of course there are a number of other, civilian aspects, which are always important for peace. We must settle the issue of elections, of war criminals. These issues are very important for reconstruction and reconciliation among people in Bosnia.

Besides Bosnia — and Bosnia is an important task before us — we have three aims now. We must adjust to the expansion of the alliance over the next few years; we must maintain good relations with Russia, and we must prepare NATO for its new tasks. We have assumed new tasks already — humanitarian, peacekeeping missions — and we must adapt to them, just as we had to adapt to the situation in Bosnia.

NATO will not replace the UN troops on a fundamental level but NATO will be the most important security organization in Europe and the world. [end recording]

NATO: Kokoshin Underlines Opposition to Expansion

*LD0302164896 Berlin DDP/ADN in German
1536 GMT 3 Feb 96*

[FBIS Translated Excerpt] Munich (DDP/ADN) — Andrei Kokoshin, Russia's first deputy defense minister, has underlined his government's negative attitude toward the planned eastward expansion of NATO at the Munich Conference for Security Policy. The desire of former communist reformist states for greater security could be met in different ways, Kokoshin said in Munich on Saturday. He proposed a system that would include all the alliances, groupings, and nations that exist in Europe through linking the bilateral, trilateral, and multilateral agreements.

However, Kokoshin's remarks differed noticeably from the sharp comments contained in his prereleased manuscript, which had warned that the Cold War would return and the arms race be resumed should NATO

stick to its plans of accepting the reformist states as members. Furthermore, the West was accused of violating undertakings given during negotiations that led to German unification. At that time an undertaking was given that the dissolution of the Warsaw Pact would not be used as an excuse for an eastward expansion of NATO. Conference members spoke of a dramatic difference between his [Kokoshin's] actual speech and the manuscript, something which needed clarification.

German Defense Minister Volker Ruehe and U.S. Senator William Cohen both rejected the charge that promises had been broken. Ruehe emphasized that Germany had promised not to permit NATO deployment in eastern Germany, a promise that would be kept. Ruehe warned Moscow not to make the same old mistake of defining its greatness only in terms of external strength [passage omitted].

NATO: Leaders Discuss Views of Future NATO

*BR0502141196 Paris LE FIGARO in French
5 Feb 96 p 5*

[Report by Jean-Paul Picaper: "Russia a Headache For NATO — U.S. Defense Secretary William Perry Has Once Again Called For the Enlargement of the Alliance"]

[FBIS Translated Text] This weekend Russia appeared as a real headache for NATO, which has so far failed to dissipate the profound distrust shown by Moscow. At an annual forum on security held in Munich this weekend, NATO's member countries once again stepped up their calls to Russia for cooperation.

On Saturday [3 February], Andrei Kokoshin, Russian deputy defense minister, had responded to the notion of the alliance's enlargement to include the Eastern European countries with a peremptory *non*. Carrying on despite Moscow's objections, William Perry said that "the enlargement of NATO is inevitable, and if its enlargement is the carrot that will encourage the reforms, then we cannot indefinitely keep it out of reach." The U.S. defense secretary stressed that opening up to the East will constitute the basis for security and stability in Europe, but that special agreements will be made with Russia to offer it our hand.

Claiming that he understood the reservations voiced by Russia and Ukraine, Chancellor Kohl also conceded that Moscow "did not have a right of veto." Meanwhile French Defense Minister Charles Millon proposed that a "security agreement" be concluded between NATO and Russia "in parallel" with the alliance's enlargement.

While also mentioning France's return to NATO, Charles Millon stated two conditions: France is

prepared to make a political and military commitment within the structures of the alliance provided that these structures are renewed and take account of European imperatives." The French minister remarked that if the reform of NATO had been embarked upon earlier, the Europeans could have acted in Bosnia with its support.

Charles Millon refuted the argument put forward by those who regarded the alliance to be outmoded. "Irrespective of the sweeping changes that have taken place in Europe over the last few years," he said, "nobody can contest the right of the allied countries to preserve their security links. Even if the alliance is no longer justified in terms of facing up to a clearly identified threat, it still retains its *raison d'être* in guaranteeing global security."

Leader

Bonn understood that nuclear arms, the issue which caused France to break away from NATO and establish its own nuclear defenses, would bring our country back into the alliance, as the leader of a "European pillar" equipped with a nuclear arsenal.

However, Germany wants to see this European defense capability constructed within a transatlantic framework. This will now be the case. "We want to establish a momentum, stimulate thought, and set something in motion. We will do so modestly, but on the basis of clear, stated convictions," Charles Millon confirmed.

International: Countries' Express Views on EMU at Davos

AU0502161696 Munich SUEDDEUTSCHE ZEITUNG
in German 5 Feb 96 p 17

[Report by "muc": "France and Germany Disagree Over Stability Pact for Monetary Union"]

[FBIS Translated Text] European industrialists are unanimously in favor of the project of European Economic and Monetary Union [EMU]; nevertheless, they have serious doubts about whether it will be launched on time on 1 January 1999 as scheduled. At the international economic forum in Davos, many of the almost 1,000 participating industrial managers displayed a strong commitment for EMU. At the same time, their doubts were nourished by differences of opinion that became apparent between the French and German central bank presidents.

The support for the project in Davos came to light through sample tests. Yet, 70 percent of those asked did not believe that EMU would be launched at the scheduled time. Whether those asked were German or French business people or government employees was not relevant to that result. Regardless of that, Helmut Werner, president of the Mercedes-Benz AG, main-

tained the view that EMU was "a must without which the European single market would develop backwards to a mere free-trade zone. The single market is the fundamental condition for the industry's continued competitive strength, and, therefore, indispensable. Werner did not at all see the link between the single currency and the development of the EU into a political union. These are two different things, he said. He was quite clear about the fact that he did not want to wait for EMU much longer because he expects it to create a more stable rate to the U.S. dollar. His view, however, was in stark contrast to that of, for example, Bundesbank President Hans Tietmeyer.

The continental European company presidents were even supported by Bryan Nicholson, president of the British Industry Association, who argued in favor of British EMU membership. However, Nicholson spoke out against the 1999 deadline in case adhering to the Maastricht timetable would lead to a deflationary fiscal policy and cost jobs.

As in official statements before, it became clear in Davos that France rejects Finance Minister Theo Waigel's proposal for a stability pact between countries participating in EMU, without explicitly saying so. In a controversy, Jean-Claude Trichet, president of the Banque de France, and the responsible EU Commissioner Yves-Thibault de Silguy, a Frenchman, insisted that, even now, the Maastricht Treaty contained enough "solid regulations" (Trichet), including the possibility of imposing sanctions, to guarantee the stability of a single European currency. This stability was in the national interest of the participating states, anyway, which is why there was no need to enforce it in separate treaties. Moreover, the council of finance ministers in Brussels will carefully ensure that the EMU member countries do not pursue an inflationary financial policy, and, if necessary, they will even impose sanctions.

Tietmeyer reacted with great irritation to these arguments, questioning the decisionmaking capability of the council of finance ministers. In Paris, the support for sanctions was usually only "on principle," while whenever concrete decisions have to be made, the French tended to raise a "but." The nature of Bonn's proposals of a stability pact is that the council of finance ministers must automatically impose sanctions on any member state that has an excessive budget deficit. Therefore, he was expecting the necessary regulation proposals from the EU Commission, Tietmeyer said.

Apart from Tietmeyer, Wolfgang Schaeuble, chairman of the Christian Democratic Union [CDU]/Christian Social Union [CSU] Bundestag group, also proved that the FRG was giving EMU a different rank in European

policy than most of the other partner countries. While Schaeuble pointed to the need to further develop the EU immediately into political union, Belgian Prime Minister Jean-Luc Dehaene argued that one had first to launch EMU and that then one would see.

International: Tietmayer Speaks at Economic Forum

AU0502155296 Duesseldorf HANDELSBLATT
in German 5 Feb 96 p 14

[Report by "egl": "New Chances for a Miniature Monetary Union"]

[FBIS Translated Excerpt] [passage omitted] At the World Economic Forum in Davos, Bundesbank President Hans Tietmayer defined 10 trends which will have a strong impact on the development of the world economy by the year 2000. He said that, first, in the process of the global division of labor, up-and-coming economies with large populations like China and India are becoming significant competitors on the world market. Second, in the process of globalization, nations and governments have less and less maneuvering space. Third, Europe in particular is faced with a challenge caused by a relocation of industrial production. Fourth, the possibilities of many Western industrial nations to increase state revenues by means of higher taxes and levies are becoming exhausted. In view of population developments, far-reaching reforms to social security systems will not be able to be delayed any longer, either.

Fifth, said Tietmayer, the competition between individual regions on the world market is becoming more intense; in other words individual systems are under increasing competition in view of the burden of taxes, costs of social security, and political stability. Sixth, not just in the industrialized nations, but also in the developing economies, prosperity safeguards are increasingly dependent on the stability of the currency.

Seventh, all over the world, international financial markets are increasingly assuming the role of guardians of stability. Eighth, stable foundations for an economic upswing have already been laid in the Western industrialized nations. Ninth, the process of convergence in Europe, foreseen in the Maastricht Treaty, is providing better prerequisites for growth and employment. Tenth, no system of firmer monetary relations among the great economic blocs of the United States, Japan, and Europe, is yet visible for the year 2000.

International: Czech, EU Clash on Expansion Reported

LD030211796 Prague Radiozurnal Radio Network
in Czech 1700 GMT 3 Feb 96

[FBIS Translated Excerpt] Czech Prime Minister Vaclav Klaus addressed the world economic forum in Davos in Switzerland today about the development of Central and Eastern Europe. Our special correspondent at the forum, Jiri Halousek, reports:

[Halousek] The discussion was jointly chaired by Vaclav Klaus, Austrian President Thomas Klestil, Polish President Aleksander Kwasniewski, and Hans van den Broek, EU commissioner for relations with Central and Eastern Europe.

The Czech prime minister stressed that a number of countries from this region had already made a significant progress and called on the West to stop using old cliches when dealing with us.

A sharp exchange of views between Vaclav Klaus and EU Commissioner Van den Broek broke out in the course of the discussion. The latter said that candidates for EU membership still had to meet many conditions and that in this context agriculture continued to be an exceptionally big problem.

Reacting to this, Vaclav Klaus said that in his place he would prefer not to speak about agriculture as it was above all the European Union that was in need of reforming agriculture. According to Klaus, preparing ourselves for EU membership will be a much easier task for us than was the task we tackled in the last few years of leaving communism behind us.

On hearing this, Hans van den Broek became visibly agitated and took the floor once again. He said that it was not the European Union joining the Czech Republic and that this was a two way process. He went on to say that while Vaclav Klaus kept speaking exclusively about the Czech Republic, he had to take into account all 10 or 15 potential candidates for EU membership.

Once the discussion was over, I asked the Czech prime minister about this clash.

[Begin Klaus recording] I think that at present it is not us for whom the transformation of agricultural policy is the biggest task. I think all think so. In fact, I have not heard anybody saying that in his view the European Union's agricultural policy is all right. On this occasion transformation seems more appropriate in the case of the other side and not us. [end recording]

[Halousek] Asked whether he thinks such views might offend some people and that this might slow down

the admission process into the European Union, Vaclav Klaus said the following.

[Begin Klaus recording] I certainly do not think so. They would be extremely sad if my address had been colorless, indistinct. They are prepared for something like this, they expect it. I think this is a totally appropriate place for something like this.

I have already on several occasions heard from Van den Broek the answer he gave on this occasion that it was the Czech Republic joining the European Union and not the European Union joining the Czech Republic. This is clear. However, I think that some things should be said loudly and that they should be really described as they are. We do this at home and I do not see any reason why we should not do it elsewhere as well. [end recording] [passage omitted]

International: Report on International Investment Choices

AU0502161096 Paris AFP in English
1513 GMT 5 Feb 96

[FBIS Transcribed Text] Davos, Switzerland, Feb 5 (AFP) — Europe attracts four times the capital investment of Asia, and will remain the top world region for international investors for some time, according to a study released on Monday.

Direct investment in Europe will continue to exceed that in any other region "at least until the year 2000 and probably for many years after," said Jean-Daniel Tordjman, an investment expert presenting the report.

Western Europe attracts "by far the highest level of direct investment in the world: 1,000 billion dollars out of 2,300 billion worldwide, or 43 percent of the current worldwide total," he said.

He made the comments while presenting the study, commissioned by the French government through Arthur Andersen, to the World Economic Forum (WEF) meeting of business and political leaders in Davos, Switzerland.

Among other conclusions the report said that China will suffer in the long term because of interest rate problems, while India "has considerable potential but still suffers from a significant shortfall of industrial capacity."

"These examples are not intended to sow doubts about the potential for growth in these countries, but what they do show is that there are risks everywhere."

Current investment in Western Europe is double that of the United States and four times that of Asia. If Europe's economy grew by only 2 percent a year it would still

add the equivalent of Indonesia to the economy every year, according to the report.

The study, which questioned 260 specialists, found that multinationals are motivated to invest in regions less by low labour costs than by the need for high-qualified workers and a good infrastructure.

It added that international investment is expected to increase in distribution activities, while financial services and real estate sectors "are uncertain."

WTO: Ruggiero on Past Performance, Future Tasks

BRO502151896 Milan Il SOLE-24 ORE in Italian
4 Feb 96 p 3

[Interview with Renato Ruggiero, director of the World Trade Organization, by Guido Rivolta in Davos, date not given: 'Ruggiero: International Integration Will Take Off With WTO']

[FBIS Translated Excerpt] Davos — [passage omitted]
[Rivolta] What is your assessment of your first year at the head of the WTO (World Trade Organization)?

[Ruggiero] The results are encouraging. The countries are meeting their obligations. An appeal body has just been established to settle disputes between members. More generally, progress has been made in the huge working agenda through 1994.

[Rivolta] What is in it?

[Ruggiero] It contains above all an exceptional effort to enlarge the organization, if you consider that at present we are involved in negotiations on the accession to the WTO of a further 29 countries that will join the present 116. In the coming four years we must complete agreements on the deregulation of trade in financial services and telecommunications. We must continue our work to make the development of free trade compatible with environmental protection. We must tackle new issues such as the deregulation of investments and the multilateral definition of rules of competition.

[Rivolta] Will you eventually be dealing with antitrust regulations?

[Ruggiero] Let us say that an agreement will be needed in order to guarantee the best access to markets. To broach an issue as full of implications as that of the relationship between international trade and the protection of social standards [sentence as published]. Last, looking ahead to 1994, the resumption of work on the further deregulation of agriculture and services.

War Crimes Tribunal: Chief Prosecutor Interviewed

*BR/02141396 Paris LE MONDE in French
2 Feb 96 p 2*

[Interview with Richard Goldstone, International War Crimes Tribunal Chief Prosecutor, by Denis Hautin Guinaut and Thomas Sotinel, place and date not given: "Richard Goldstone: 'I Am Not Optimistic About Capturing Radovan Karadzic And Ratko Mladic'"]

[FBIS Translated Text] [LE MONDE] What is your assessment of the cooperation between the International War Crimes Tribunal (IWCT) and the various leaders in the former Yugoslavia?

[Goldstone] There has been no fundamental change in their positions. Bosnia-Herzegovina and Croatia have always cooperated perfectly. There has been no place that we have been unable to visit and none of our requests for information have gone unheeded. Furthermore, the Croatian Government announced this week that it was going to arrest and extradite General Tihomir Blaskic. (Blaskic, who stands accused of massacres in a Muslim village in central Bosnia in April 1993, was promoted by Franjo Tudjman in November, a move which provoked the United States to intervene vis-a-vis Zagreb — LE MONDE editor's note).

[LE MONDE] And with Serbia?

[Goldstone] Serbia's attitude has always been to refuse to recognize the existence and legality of the Tribunal. When I went to Belgrade in October 1994, the authorities told me, above all, that their constitution ruled out extradition. Nonetheless they assured me that it was possible to name a Tribunal representative in Belgrade provided that his office was situated within the UN premises. They also said that he would not be entitled to claim to represent the Tribunal or speak to anyone at all without the government's consent. Naturally these conditions were unacceptable. Nevertheless, it seemed to me that they somewhat softened their attitude. So I agreed, but this minimum degree of cooperation did not bear any fruit. The person I designated has been waiting for a visa for months and it has not been issued yet.

[LE MONDE] Was there a change after the signature of the Dayton peace plan?

[Goldstone] In Paris, President Slobodan Milosevic signed the peace agreement which contains an article binding the signatories to cooperate with the Tribunal. Last week, the president of the Tribunal, Antonio Cassese, went to Belgrade. Since his visit we have learned from the press that the authorities have reaffirmed that we could have a representative based there, still under the same conditions. I have also been told that we could

send written questions to Serbian victims, and that they would reply via official channels. But we have not been issued with a visa yet.

[LE MONDE] What kind of pressure could you bring to bear?

[Goldstone] If Serbia manifestly fails to meet the requirements of the treaty, then we must report this failure to respect the Dayton agreements to the UN Security Council. Doing so would result in economic sanctions, a major threat to the government in Belgrade, and I hope that the international community will actually make good this threat. There is no other option.

I also hope that the example set by Croatia will heighten the pressure on both Serbia and the Bosnian Serbs. The latter are bound by the Constitution of Bosnia-Herzegovina which places a commitment on them and provides for war criminals to be brought to justice.

[LE MONDE] Can the IWCT go after Presidents Slobodan Milosevic and Franjo Tudjman?

[Goldstone] Firstly, if anyone has the slightest evidence that Presidents Milosevic or Tudjman were involved in war crimes, I would ask them to submit it to us. But there is a vast difference between the Nuremberg trials and the IWCT. In Nuremberg the victorious countries decided to describe the act of waging a war of aggression as a crime. However, under international law, waging an aggressive war is not a crime and we have no power to charge people for having done so.

[LE MONDE] Do you hope one day to judge the two main men accused, "President" Radovan Karadzic and General Ratko Mladic?

[Goldstone] I am not very optimistic about capturing them in the short term. If they stay in their bunkers surrounded by armed men...

[LE MONDE] You could invoke Article 61 of your statutes, according to which accused individuals become "international fugitives."

[Goldstone] We will probably launch this procedure at the end of February. For Doctor Karadzic and General Mladic we will do this when the time is ripe, in several months' time at the earliest. That will depend on our investigations, especially the exhumation of mass graves, even if their examination is not necessary from the point of view of collecting evidence. They will corroborate evidence. But we have not yet started. It is impossible to exhume bodies during the winter, and we also need adequate security.

[LE MONDE] Have you been assured of help from the international community?

[Goldstone] The IFOR [Implementation Force] has assured me that it will help us within the confines of its mandate and available resources. We need protection in doing our job, especially where mass graves are concerned and we also need the assurance that our investigators will be able to move around freely throughout the territory of the former Yugoslavia.

[LE MONDE] What lessons have you learned from your 15 months at the IWCT?

[Goldstone] The International Tribunal is needed. Even if we do not have a single inmate in The Hague currently one detainee is being held there. — LE MONDE editor's note: I am convinced that our time and money could not have been used better. We have investigated and published our findings, and today we see that people like the Bosnian Serb leaders have been forced out of power. They have become vagabonds who are not even secure in their own country. All the world must know this, it is a deterrent element. The alternative would be to tell the victims of terrible atrocities and torture that there is nothing we can do.

[LE MONDE] Does this mean that the International War Crimes Tribunal does not need to pronounce any criminal sentences?

[Goldstone] That is a complex question. I know that the lack of criminal sentences against the people responsible for atrocities like those committed in Yugoslavia and Rwanda is unsatisfactory. However, it is not necessary for justice to pronounce criminal sentences. In my view the Commission of Truth in South Africa is a good example of this. Faced with serious violations of human rights, a democratically elected government representing the victims has done without sentencing because the guilty parties have admitted their crimes.

[LE MONDE] What is the attitude of the Central African countries to the International War Crimes Tribunal for Rwanda (ITR)?

[Goldstone] No country has refused to cooperate. But we are still waiting for a response from some of them. Quite apart from any moral considerations, I do not believe that these countries bordering on Rwanda can afford to incur international retribution, either financially or democratically speaking.

[LE MONDE] Do you have any idea of the extent of the trials to come regarding Rwanda?

[Goldstone] Not yet. We have been working in Rwanda under tremendous pressure. It would have been preferable to have an investigation covering a short period to identify the main traits and draw up a strategy. But we were unable to do that. Firstly because we only have 40 investigators and we had to take up 16 urgent situations: the arrests in Zambia, Namibia, and Belgium. The Zambian Government informed me that if we did not act quickly its courts would refuse the people they were detaining for violating immigration laws, which they are entitled to do.

We had to discharge our investigators of the tasks assigned to them at the time and ask them to investigate 24 individuals. We have gathered sufficient pieces of evidence against four of them to call for their detention in detention in Zambia. We concluded that the three people held in Belgium must come before the TPR. So we had to launch a procedure aimed at having them handed over by the Belgian courts.

According to the legislation currently being adopted in Belgium, the court has 90 days to pronounce sentence and imprison the accused. Otherwise they will be freed.

We are having to work in response to these events which prevents me from giving you a reply about the extent of the trials. It is true that in the case of the former Yugoslavia we had cells, but no detainees, whereas for Rwanda we have at least seven people accused and in detention, yet are struggling to find available cells in Arusha.

[LE MONDE] Where will the people sentenced by the TPR be held?

[Goldstone] So far no country has offered us prison.

[LE MONDE] Not even Rwanda?

[Goldstone] They cannot be held in Rwanda. It would be extraordinarily difficult to find a court that would be prepared to condemn someone to serve out their sentence in a Rwandan prison in which the guards may have victims among the members of their family. We must look somewhere else in Africa.

EU: Santer Defends Maastricht Criteria

Adressat: 75000 Vienna PROFIL in German, 5 Feb 96, pp 31-32.

[Interview with EU Commission President Jacques Santer by Hubertus Cremm and Helmut Wessler in Brussels, date not given. *Pacta sunt servanda*.]

[PROFIL Translated Text] [PROFIL] Former Italian Prime Minister Lamberto Dini stated recently that a monetary union with 11 percent unemployment is inconceivable for him. There are also other prominent politicians in Europe who think that some things must be changed on the path toward the European Economic and Monetary Union [EMU]. Why are you so optimistic that there will indeed be monetary union as of 1 January 1999?

[Santer] I, too, cannot imagine a monetary union with 11 percent unemployment. That is why we must get the EMU — to reduce unemployment. The EMU is not a purpose in itself, but an instrument in the development of economic and social policy which is not only supposed to put the national finances in order, but also to increase the competitiveness of the economies. I, for my part, am very confident that a number of member states will fulfill the criteria for the EMU, even though it will be difficult.

[PROFIL] Which countries do you expect to do so, from today's point of view?

[Santer] I do not want to give individual names, but I think that there will be a critical mass of countries that will be at least as strong as Japan's GNP.

[PROFIL] You once put the number at nine EU countries.

[Santer] Seven to nine is a realistic prospect.

[PROFIL] Does this realistic prospect also include Austria, which has increasing problems with fulfilling the convergence criteria?

[Santer] I will not comment on individual countries.

[PROFIL] Does the central problem in fulfilling the convergence criteria consist of the fact that the recession trend in the economy has intensified and thus there is even more pressure on the labor market?

[Santer] I see no signs of a recession in Europe. We just have a pause in the economic upswing at the moment. Healthy national finances have never been bad for a good economic development. These two issues must be kept apart.

[PROFIL] In the public's mind, however, the issue of the EMU is increasingly linked with the impression that it causes unemployment. One newspaper recently

formulated this in a very catchy headline: "How Many Jobs Does a Euro Cost?"

[Santer] One must not underestimate this psychological development. The citizens must be attached identically with the Euro, with the single currency, and not be afraid of it. Therefore, we need a large-scale information campaign in all member states pointing out that the Euro is not a purpose in itself, but is for the citizens' benefit. One cannot pretend — and this wrong impression must be prevented by policy — that everything that does not work in a country can be blamed on the Euro. In for instance, the social insurance system is reduced in individual countries such as in France; this has nothing to do with Maastricht, but only with the insight that a country can no longer afford this deficit.

[PROFIL] One thing seems to be clear also in the view of renowned experts and politicians: however, if the Maastricht criteria are observed strictly, most EU states will not be able to fulfill them. Therefore, there is only one alternative: either postponing the date of the EMU or giving up the strict observance of the criteria.

[Santer] The third possibility is that we form the EMU with those countries that fulfil the criteria. I am firmly convinced that these will be seven to nine countries.

[PROFIL] Is your strict observance of the Maastricht criteria not due to the fact that, as you yourself once said, as Commission president, you are committed to observing the Maastricht Treaty? In reality, you cannot even criticize individual aspects of the criteria.

[Santer] Of course, the Commission is the guardian of the treaties. *Pacta sunt servanda*. However, my assessment is not just a formally legal one. But it is also based on the political will of the heads of state and government, who confirmed the date of the EMU just six weeks ago in Madrid, and that within the framework of the criteria set down in Maastricht. At the meeting of the finance ministers two weeks ago, no one called for deviating from the convergence criteria. Of course, there are individual critics and doubters, such as Valéry Giscard d'Estaing. But their statements have been rejected by the responsible government politicians. And this difference is important. On the one side, there are politicians who bear responsibility and, on the other side, there are professors who do not.

[PROFIL] The fact that someone does not bear political responsibility need not mean that his arguments are wrong.

[Santer] After all, the EMU did not develop overnight. The first draft was made already in 1994. The Maastricht Treaty was examined and questioned in every detail by everyone before it was concluded. Therefore, now you

cannot suddenly pretend that the convergence criteria have been pulled out of thin air.

[PROFIL] But, meanwhile, the gigantic problem of rising unemployment has emerged. A number of EU countries have enormous difficulties in bringing unemployment under control. In this respect, the question of whether the Maastricht criteria still correlate with the current economic conditions is obvious.

[Santer] There is doubtlessly a coincidence in this respect. In reality, however, the EMU is a contribution to combating unemployment.

[PROFIL] Only in the long term, if at all.

[Santer] In the medium and long term. After all, it is the point of the EMU to exploit all potentials of the single market. At the moment, I do not know of any other single market in the world that can function with 14 currencies. We have established a single market with more than 280 guidelines, but it is not yet working as such in all parts, primarily because we are still dealing with different currencies.

[PROFIL] After the introduction of the EMU, the individual member countries will have to continue to exercise corresponding budget discipline. Does this not mean in the end that, as of 1999, there should be a European finance minister or at least an instrument that ensures this discipline at a central European level?

[Santer] In the EMU, we will doubtlessly need an instrument to coordinate economic and financial policy.

[PROFIL] Coordination or centralization?

[Santer] Coordination. The Council of Finance and Economics Ministers will have to take over this task more intensively. However, we do not need a European finance minister, because we are not striving for a European central government.

[PROFIL] In the end, the decision in 1998 about who will be permitted to join the EMU will be a political one. Do you think that it is compatible with the EU treaty if a country like France achieves a budget deficit of 3.2 or 3.3 percent instead of the intended 3 percent, but still shows very clear steps in consolidation?

[Santer] We think that France will be able to fulfill the criteria that have been set down. Any deviation from the criteria, no matter how small, can never be accepted or not accepted by the Commission, but only by the EU heads of state and government.

[PROFIL] Since you assumed office a year ago, you have repeatedly pointed out that unemployment in the EU — after all, about 18 million people are

unemployed — must be reduced drastically. How does the Commission president want to achieve that?

[Santer] The reduction of unemployment is the most pressing problem that we have to solve. First of all, the governments must do their respective homework. We in Brussels cannot create any additional jobs. If at all, we can outline the Europe-wide framework of a convergent policy. This only works with the inclusion of the social partners. However, of course there are also other instruments, such as the "Trans-European Networks." Therefore, last week, we discussed in the Commission how we can finance these networks.

[PROFIL] Do you know a historical example of a government that has managed at the national level to implement a dramatic thrift program on the one hand and, on the other, to stimulate the economy with public investments?

[Santer] I tried this successfully in my country, Luxembourg.

[PROFIL] We grew up with Bruno Kreisky's famous sentence: "Better a few billion in debts more than a few thousand unemployed more." This is classical Keynesianism.

[Santer] This is Keynesianism with the success that, in the end, you not only have more debts but also more unemployment. I also know a sentence, which does not come from Bruno Kreisky: "Better 5 percent inflation than 5 percent unemployment." Afterwards, there was more than 5 percent inflation, but also more than 5 percent unemployment. This is simply wrong economic policy. The healthy national budget is also the basis for solving the problems on the labor market.

[PROFIL] The "Trans-European Networks" — a broad investment program — are also a Keynesian project.

[Santer] They are primarily a project to integrate the European market.

[PROFIL] But one also expects effects on employment.

[Santer] These are highly welcome. However, the more important thing is strengthening the structure.

[PROFIL] Your predecessor, Jacques Delors, tried to get authorization to raise Euro bonds for these "Trans-European Networks." You tried this again recently. Why are you optimistic that you will not get a bloody nose, like Delors did?

[Santer] This may also happen to me. But the goal is the right one. The Madrid Council gave us the assignment of making proposals. Neil Kinnock, as the responsible commissioner, has examined all these networks — but

we always come to the same conclusion, that there remains a gap in financing of ECU1.6-1.9 billion. Part of that could be financed via Euro bonds. We will now work this out and present a financing proposal to the Council. Then it is the Council's business to exercise its responsibility.

[PROFIL] You have now been president of the EU Commission for a year. Your predecessor, Jacques Delors, had a rather authoritarian leadership style, you tend toward chairing the Commission in a more comradely manner. At the same time, however, one also gets the impression that the Commission's influence — compared with that of the Council — has declined a bit. Under Delors, it almost looked as if the Commission were more important than the council. Would you agree with this assessment?

[Santer] Certainly not. I am just not a politician who is obsessed with the media. I have never been that, all through my career. My position is: One should measure a person by his deeds and not by his statements. I, for my part, am very satisfied with my first year in this job; all the more so, since the conditions have clearly changed as a result of the EU's expansion.

[PROFIL] You yourself, supported by the German chancellor, have demanded a stronger role for the president, also within the Commission and in choosing the other commissioners.

[Santer] The important thing for me is not the position of the president, but the efficiency of the institution. For instance, we can no longer work in those structures that date back to the time of the founding, when we were a community of six. When the Commission wants to play its role — as the engine of the EU, as a factor of common welfare, and as the guardian of the treaties — then its efficiency must be strengthened in such a way that the Commission can also be handled as a collegium. So far, the president has no right to participate in choosing the commissioners or in drawing up the portfolios — and that is why we need a few new considerations that lead to a stronger streamlining in the Commission.

[PROFIL] More power for the president, after all?

[Santer] Just think of how choosing the commissioners would work when we are no longer a community of 15 but of 27. The point is our ability to act, because the instrument "Commission" must not be undermined. Therefore, we need more participation in decisionmaking on the part of the Commission president.

EU: Reapportionment of Structural Fund Discussed
*BR0202130996 Brussels EUROPEAN VOICE
in English 1-7 Feb 96 p2*

[Article by Michael Mann: "France's Demand for Extra Funding Falls on Deaf Ears"]

[FBIS Transcribed Text] France is demanding extra money from the EU's Structural Fund targeted at areas of industrial decline, insisting additional help is vital for regions affected by the devaluation of the Italian lira.

But its demands for more so-called "Objective 2" funding have fallen on deaf ears so far, as other member states press the European Commission to leave the current split in funding unchanged.

Regional Affairs Commissioner Monika Wulf-Mathies is preparing a proposal which would leave intact the current list of areas eligible to receive a share of the 8.072 billion ecu available between 1997 and 1999.

Member state officials claim France is the lone voice calling for funding to be reapportioned to take account of its worsening industrial employment position, particularly in the textile, leather and automobile sectors. These sectors have been placed at a particular disadvantage recently by the relative strength of the franc compared with the lira.

Nevertheless, Commission officials say Wulf-Mathies plans to follow the clear line given at last November's informal meeting of regional planning ministers in Madrid that the share-out between countries of the 8.072 billion ecu should remain the same as before.

The Commissioner's main concern is to encourage member states to target funding on the areas worst hit by industrial unemployment. She is also keen to bolster the Commission's other major priorities of environmental protection, equal opportunities and research and development.

The most up-to-date statistics on unemployment in 1995 indicate that a full-scale review of regions qualifying for Objective 2 funding would see a shift in aid towards France and away from the UK, Germany, the Netherlands and Italy.

Early indications were that Paris would fall into line with the demands made by its EU partners that the money should be shared out on the same basis as in the 1994-96 period.

But Industry Minister Franck Borotra and Regional Planning Minister Jean-Claude Gaudin have kept the pressure on the Commission to add monetary considerations to the list of criteria for awarding finance.

Gaudin and Cities Minister Eric Raoult are due to meet Wulf-Mathies and Competition Commissioner Karel Van Miert today (1 February) to put their case and will also sound out Van Miert about the possibility of allowing companies tax breaks if they are prepared to invest in France's most depressed urban areas.

German officials stress that, so far, Wulf-Mathies has refused to accept any changes to the qualification criteria. But one added: "This might not be the last word on the matter. We are concerned that the Economics Commissioner (Yves-Thibault de Silguy) might not accept her view."

Commission officials insist that de Silguy will not try to derail the process over financing for Objective 2.

But concerns remain that the French Commissioner will be tempted to follow national interests and apply pressure for an economic element to be included in the award of the next set of Objective 2 money.

"If we open this door, we could run into terrible trouble. We've already had a big problem in the agricultural sector," commented one official.

In October, agriculture ministers finally agreed on the details of a scheme to compensate farmers for any "considerable" income loss due to "significant" currency movements in a neighbouring country.

This apparently gave farmers a unique status compared to other industrial sectors. But buoyed by its success, France has evidently not given up hope of extending such arrangements to other sectors. "We have dear signs that competition has been distorted," claimed a French official.

Once the European Parliament has debated the issue, Wulf-Mathies will come forward with a proposal in late February to maintain the current division of funding between member states, but give them leeway to substitute one area for another.

Consultation with the member states will only begin once the basic list of recipients has been agreed in Commission. The exact financial allocations will follow after that.

The UK is likely to fight any moves to weaken its position relative to the other recipients, while Germany is concerned mainly to ensure that west Berlin maintains its Objective 2 status.

Unlike other sections of the Structural Funds, Objective 2 funding was split into two distinct programmes for 1994-96 and 1997-99.

EU: Belgian Suggests 'Parity Grid' Exchange Rate

BR0202154496 Groot-Bygaarden DE STANDAARD in Dutch 1 Feb 96 p 17

[Report by Stelaan Michielsen: "Maystadt Calls for New European Exchange Rate Mechanism — Intended to Reduce Tensions in European Union"]

[FBIS Translated Text] Geneva — Finance Minister Philippe Maystadt is calling for the introduction in 1999 of a new European exchange rate mechanism between those European member states which are part of the monetary union and those which are not. The existence of such a mechanism would prevent tension growing in the EU due to competitive devaluations by countries which are not part of the monetary union.

Maystadt launched the proposal yesterday evening in Geneva where he gave a speech to the University Institute for International Studies.

The Belgian minister said it was sensible to think about a parity grid similar to the one existing in the European Monetary System (EMS), to set the exchange rate relations between the European member states which do take part in European Monetary Union (EMU) and those which do not. This monetary union should normally start in 1999.

The European member states which remain on the sidelines when monetary union starts should link the exchange rate of their currencies to the euro, the European single currency. That would oblige those countries to dovetail their economic and monetary policy with that of the rest of the EU, and that will help them joining the monetary union as soon as possible. Maystadt explained.

The existence of an exchange rate parity of this kind would also prevent some countries allowing their currencies to slip in order to improve their competitive position. There is great fear of such competitive devaluations in some industrial sectors in the countries which will form part of the monetary union right from the start. They would threaten to endanger the European single market itself, the minister said.

A third advantage, said Maystadt, is that countries which do not take part in monetary union could avoid being punished by the financial markets by linking their currencies to the euro.

Maystadt did not think it was necessary to also agree on fluctuation bands around the new parities. If the bands are too narrow they form a challenge for speculators to test out these bands. If they are too broad then the parities established have little sense. In an interview with *DE STANDAARD* Maystadt clarified that the

relations between the member states which do take part in monetary union and those which do not is a key problem. The question must be settled in 1997, before the European council decides which countries can and cannot take part in monetary union.

Instrument of Power

In his speech the Belgian minister showed himself to be a staunch supporter of monetary union. It was, he stressed, a means for the European countries to partially regain their sovereignty regarding monetary policy. After all, at present the European member states have largely lost this sovereignty. European monetary policy is dictated by Germany's Bundesbank.

With the European monetary union, said Maystadt, it would become possible to carry out a true European monetary policy, where account is taken of the interests and concerns of all the participating countries and not just one country.

He also pointed out that the euro, the European single currency, just like the U.S. dollar, could acquire the status of an international reserve currency, a status which the German mark was never able to really achieve. After all Europe has a far greater economic capacity than Germany alone.

And with the euro the economic power relations between Europe and the United States would become somewhat more balanced, and Europe would also be in a far stronger position to demand a reform of the international monetary system. A reform which is more necessary than ever, according to Maystadt. In that context he quoted former Commission President Jacques Delors, who said: "The European single currency is also an instrument of power."

Austria: Fasslabend Advocates Accession to WEU
*AU0402152696 Vienna ORF Teletext in German
1251 GMT 4 Feb 96*

[FBIS Translated Excerpt] Defense Minister Fasslabend has called Interior Minister Einem's latest statements ("qualified police instead of Austrian Army") "irresponsible and damaging to the state," because, as Fasslabend said on the Press Hour television program, Einem is calling national defense basically into question even though Austria's task is to defend external EU borders. Now it is the chancellor's turn to comment.

Regarding the issue of EU, WEU [Western European Union], and NATO, Fasslabend said that Austria must become a member of the WEU; joining NATO would only be the next step. Within the EU there must be a solidarity law — then Austria would be neutral only toward non-EU countries.

Asked whether he will look for a dialogue with Minister Einem, Fasslabend said that he thought Einem would have other problems, given rising international crime and the letter bomb attacks. [passage omitted]

Concerning the Austrian mission in Bosnia, the defense minister stated that this mission is "certainly difficult. In view of the 'risk,' a 'maximum of safety through equipment' is being ensured.

Austria: Commissioner Says 'Do More' To Meet EMU

*AU0402194096 Vienna WIENER ZEITUNG
in German 3 Feb 96 p 3*

[Report by "gue": "Austria 'Farther Away' From EMU"]

[FBIS Translated Text] Vienna — Over the past year Austria has developed "farther away" from the Maastricht criteria for participating in the European Economic and Monetary Union (EMU). EU Agriculture Commissioner Franz Fischler noted critically during a news conference in Vienna on Friday [2 February]. The commissioner is missing "increased efforts" in this respect. Therefore, the country must "do more."

One of the reasons for this is that EU membership offers an opportunity to create new jobs, Fischler stated with conviction. The EU shows increased readiness for investments in particular for new technologies and for the implementation of the Trans-European Networks (TEN).

In this connection, Deputy Erwin Niederwieser of the Tirol Social Democratic Party called on the commissioner to prevail on the EU more strongly to finance the Brenner axis. The Munich-Verona route must have ut-

most priority within the framework of the TEN, Niederwieser stated.

In connection with the forthcoming European elections in Austria on 13 October, Fischler fears that the voters might give the parties an "object-lesson," as was the case in Sweden. Therefore, it is necessary to raise the level of information and to report about EU problems in a balanced manner.

The priority goal of the planned EU government conference in 1996 must be to fill the Maastricht Treaties with life: expansion to the east, more effective institutions, more democracy, more consideration for the smaller states — these are the most important focal issues of the conference.

However, the most sensitive issue is the European foreign and security policy. Fischler stressed. The EU's involvement in the former Yugoslavia has shown that there are not yet any common decisionmaking structures. Therefore, "strategic unity" is necessary.

Austria: Haider Interviewed; Rejects 'Collective Guilt'

*AU022200696 Vienna DIE PRESSE in German
2 Feb 96 p 6*

[Interview with Movement for Freedom Chairman Joerg Haider by Andreas Unterberger and Norbert Riel in Vienna; date not given: "This Is the Confounded Way of Thinking of Bourgeois Cowards"]

[FBIS Translated Text] [DIE PRESSE] Mr. Haider, have you thought of resigning over the past few weeks?

[Haider] I cannot think why.

[DIE PRESSE] So, in your view, was there no reason for that at all? Your comments in and about Krumpendorf, the lack of success at the elections.

[Haider] I believe that we are in an excellent situation. Contrary to expectations, the Movement for Freedom [F] was not wiped out in the Nationalrat elections. We maintained a voter potential of more than 1 million voters, which is a solid basis for making a new leap forward.

[DIE PRESSE] Do you think that your run of success has ended?

[Haider] The point is not so much the run of success as the question of what function we have for Austria, namely: providing an option for a non-socialist Austria. And, in particular, encourage the Austrian People's Party [OeVP] not to be afraid of its own courage, but to finally do what it promised at the last Nationalrat elections, namely to leave 25 years of socialism behind.

[DIE PRESSE] Let us discuss Krumpendorf: What is your position when you hear the term Waffen SS?

[Haider] There will be not a single millimeter of deviation from showing respect for the older generation, both for those who served in the war and for those who were the victims of National Socialism. And there is no party that distances itself with similar clarity from a totalitarian regime like National Socialism. Others in Austria, such as the Social Democratic Party of Austria [SPOe], built their power on integrating formerly high-ranking National Socialists into their ranks and considered this socially acceptable as long as these people belonged to a group that provided them with a majority. We do not want to have anything to do with that; our position is an patriotic Austrian one.

Many of my friends had to accept it when I said that we no longer want any Germanomania in the sense of antiquated ideas in our party. As a result of Austria's decision in favor of Europe, it has become necessary for Austria to have a party that is conscious of Austria, because the others have become European toadies, chasing Maastricht.

[DIE PRESSE] We asked you about the Waffen SS and you are once again discussing the SPOe and Maastricht.

[Haider] There is quite a connection...

[DIE PRESSE] We do not doubt at all that you can find a connection everywhere.

[Haider] The connection is real. I mean that the former leading minds of the SPOe not least came from the intellectual potential of the former National Socialists; one has to understand that.

[DIE PRESSE] Once again: Your answer did not contain the smallest clause that at least those who volunteered for the Waffen SS did something other than conscripts in World War II. And this difference...

[Haider] ...is always pointed out by me.

[DIE PRESSE] Well, then, point it out now!

[Haider] I do. I agree with Viktor Frankl, who says that in reality there are two races of people: the decent ones and the indecent ones.

[DIE PRESSE] Who were the decent ones?

[Haider] In his book "Say Yes to Life Nevertheless," in which he describes his experiences as a victim of National Socialism in a concentration camp, Frankl writes that there were good and bad people on both sides and that one can attribute guilt only individually. And this is precisely what I am doing.

I also assume that, after 50 years of thorough examination of conscience and given a political and legal judiciary in Austria, those who had to be taken to task have indeed been taken to task.

[DIE PRESSE] And beyond that there is no moral share in guilt?

[Haider] It is the confounded way of thinking of bourgeois cowards to constantly repeat what the leftists demand, namely that there must be something like collective guilt. This does not exist. Instead, there is a responsibility for memory for the younger generation, for us and our children. We must remember what happened. We must be aware of why it happened.

[DIE PRESSE] Can you agree with this statement: Resistance fighters did more for their homeland than those who served in the Wehrmacht?

[Haider] I assume that resistance is useful when the point is eliminating a totalitarian system, but resistance is useless if the supply lines for the soldiers at the front were destroyed and one's own people, who fought at the front, died miserably.

[DIE PRESSE] You said that you are the guardian of Austria's interests against the parties, which have become European. What is the Austrian nation for you?

[Haider] The sum total of all citizens, who are united on the territory of the state.

[DIE PRESSE] That is, the state nation?

[Haider] State nation, because, in reality, this is the only decisive delineation in a Europe of nation states.

[DIE PRESSE] And what about the culture nation?

[Haider] The culture nation becomes relevant if Maastricht Europe can be turned into a more federalistic Europe.

[DIE PRESSE] But you have certainly already thought about whether you also see an Austrian culture nation?

[Haider] Oh, well. I believe that we are on a good road to becoming a culture nation if we manage to do away with the mistakes of German pettiness and stress our independence and also stop believing that we need German cultural imports, such as Mr. Peymann [director of the Vienna Burgtheater] in an Austrian theater, to demonstrate cultural decency. If this happens, I think that Austria will form its independent identity also in high culture.

[DIE PRESSE] Is Austria's development as a culture nation a process that has not yet ended, in your view?

[Haider] No, it is not yet ended, because not only under the Habsburgs was German cultural history decisively influenced by the Austrians but since 1945 we have also orientated ourselves too much toward Germany. More than 90 percent of Austria's writers publish in German publishing houses. Thus, we have exported our culture.

[DIE PRESSE] In return, many German artists have been hired in Austria.

[Haider] This is as in export business: You deliver high quality to another country and get low quality back, just because you want to provide development aid.

[DIE PRESSE] Does this mean one should erect walls again: The Austrians should stay here more, the Germans should come less?

[Haider] No, no walls. But one should improve opportunities. There is no cultural public, only a political artistic scene, which is directed by a handful of ministers and diet and city councilors. This really creates the stuffiness of a closed society.

[DIE PRESSE] Back to politics: You said that the F wants to be an option for a non-socialist Austria. OeVP Chairman Wolfgang Schuessel has, however, rejected a coalition with you; he would rather go into opposition.

[Haider] Schuessel did not reject us but his own courage, because he said that, given the slim majority in seats, he would not be crazy enough to implement the 100-billion-schilling consolidation. These are differences in quality. Helmut Kohl in Germany dared to finance German unification with an equally slim majority.

[DIE PRESSE] Thus, Schuessel was simply too much of a coward to dare to take the step?

[Haider] I do not say coward; I say that this is a question of how much courage a person has. He must have known why he loses his nerve in decisive periods. It is clear that, as a result of the formation of a grand coalition, which is quite likely after Schuessel has been cowed and forced to pay tribute, many people who voted for the OeVP on 17 December will say that this was the last time they will vote for the OeVP.

[DIE PRESSE] Do you see that there is the problem that you are ruining options for yourself with your way of speaking, with your way of pursuing politics?

[Haider] Our political line has brought us the success that has created a change in the country that is considerable even by European standards. Within a few years a medium-sized party has developed, which has main-

tained its potential even in view of the greatest opposition in these elections. This is a real success.

[DIE PRESSE] At the place that now no one wants to form a coalition with you.

[Haider] This always happens to successful people.

[DIE PRESSE] You have once again presented yourself as the future mayor of Vienna.

[Haider] This has been put around.

[DIE PRESSE] Will you be your candidate for Vienna mayor?

[Haider] The question is whether we will put up a candidate for mayor in Vienna.

[DIE PRESSE] Do you believe that you do not need something like this?

[Haider] The situation is that the OeVP intends to provide Mr. Haeupl [current mayor of Vienna and SPÖ candidate] with the majority right from the start and that the Greens, too, would also like to join the government and, therefore, if Haeupl loses the majority, they will give it back to him, so everyone is pushing into the government, anyway. Someone then has to be in opposition, after all, someone has to check things, particularly in Vienna, where conditions are Balkans-like in many respects — from subway construction to issuing contracts for other things.

[DIE PRESSE] But in Vienna you are the number two, after all. And now you enter the election campaign and say you do not need a candidate?

[Haider] In Carinthia, too, we are number two and are pursuing an excellent opposition policy.

[DIE PRESSE] What is your current position regarding the EU? Sometimes it seems that you accept the facts, sometimes you give the impression that you continue the old arguments of 12 June [when F campaigned for a no vote in the referendum on EU membership].

[Haider] After 12 June we have repeatedly made it clear that the people's decision must be accepted.

[DIE PRESSE] Suppose you had an absolute majority.

[Haider] We would not leave the EU unless the people were to decide that.

[DIE PRESSE] Would you hold a referendum?

[Haider] We would not initiate one. But if the people were to express clear support for leaving the EU via a petition for a referendum, I would be democratic enough to examine this attitude in a referendum.

Belgium

Belgium: Dehaene on EMU, Social Issues, IGC
BRUS02151996 Brussels RTBF-1 Television Network
in French 1125 GMT 3 Feb 96

[Studio interview with Belgian Prime Minister Jean-Luc Dehaene by Georges Moucherons; date not given; from the "Objectif Europe" program — recorded]

[FBIS Translated Excerpt] [passage omitted]
[Moucheron] Let us talk about the single currency, which has been subject number one over the last few weeks. At the Madrid summit in December 1995 the heads of state and government definitively fixed the timetable for the transition to the single currency. You also participated in this summit. Nobody objected to the timetable and the principle. Then, suddenly, in the last couple of weeks cracks have appeared in the walls. For example, some French ministers have expressed doubts. How do you explain this unanimity vanishing in so short a time?

[Dehaene] I do not know whether this unanimity really has vanished. Of all those who took part in the Madrid decisionmaking — be they the heads of state and government, the foreign ministers, or the finance ministers — I have heard no one questioning the Madrid decisions. Only people who were not involved in the Madrid decisionmaking process have expressed certain views. And this creates doubts among the public, which I can understand. However, I think that you have to put things straight. Those who wanted to make things clear in Madrid have not questioned the decisions since then.

[Moucheron] According to Mr. Major in a FINANCIAL TIMES interview, the heads of state and government will this year decide to defer the introduction of the single currency.

[Dehaene] Mr. Major's program consists in saying "There is no problem for Great Britain, because it will not materialize." From his point of view he is only logical and he has defended this thesis from the very beginning. [passage omitted]

[Moucheron] Do you confirm that there is no secret plan, an emergency plan, drafted by the heads of state and government in case the single currency cannot be introduced?

[Dehaene] This has not been discussed. Nobody has spoken about it. On the contrary, everybody has agreed with the terms of the treaty. By the way, it is dangerous to give the impression that we can deviate from it because it would mean a modification of the treaty, new negotiations, new referendums, etc. It is important to stick to the treaty, which is a law and on which there is agreement.

[Moucheron] Some pro-European people, such as [former Commission President] Delors and [Spanish Foreign Minister] Westendorp, question the feasibility of the single currency at the scheduled date. Does that not make you think?

[Dehaene] These discussions are absolutely pointless. It is absolutely necessary that the dynamic process to meet the convergence criteria is maintained and that the will to set up Economic and Monetary Union (EMU) remains present in every government. In 1998 we will have to assess the situation. At that time we will have to make a political decision. [passage omitted]

[Moucheron] With regard to the Maastricht criteria according to the figures, Belgium will not be able to enter EMU. For example, our budget deficit amounts to 130 percent of GDP whereas the Maastricht criterion is 60 percent.

[Dehaene] The Maastricht criterion is not at 60 percent. The Maastricht Treaty stipulates that there must be a trend toward 60 percent and that there is a political context which makes it sustainable and operational. In this way, I think that we perfectly meet the conditions. We will also achieve the 3 percent criterion. Over the last two years we have had monetary stability in the framework of the European Monetary System. Our inflation and interest rates are largely within the limits. Between now and 1997 we will have achieved a reduction of the debt ratio by 10 percent compared to 1993 and we will submit a plan which shows that right now the primary balance — which is the difference between revenues and expenses without interest charges — is the best in Europe. And we will integrate it into a mechanism that I would call a "reverse snowball effect."

[Moucheron] Would you say, like Santer, that those who jeopardize the single currency are irresponsible people?

[Dehaene] They are not Europeans at least. It is clear that not all of us have the same vision of Europe. I am convinced that Europe has to face a double challenge on the one hand, to maintain its integration dynamic, and therefore the EMU is needed, on the other hand, to achieve its enlargement. If you achieve enlargement, for which there will be huge political pressure by the year 2000, without having achieved the integration dynamic, we will end up in a watered-down version of Europe. I am worried about the fact that some people consider that the single market has been achieved. Then I say, if we do not complement it with EMU, I am convinced that internal pressures on the single market will be such that we will head for a free-trade area without a political dimension. And this is not what we wanted when we set up Europe.

[Moucheron] An EU poll shows that Europeans in general favor a single currency. On the other hand, they think that the single currency will not be able to create jobs nor accelerate economic growth.

[Dehaene] The most solid condition for having more jobs is to create EMU. I am always angered when critics say: Give up setting public finances in order, give up the automatic link between the Belgian franc and German mark, and you will see how well this works. First, I have to remark that the countries which did this are not better off than we are, on the contrary; second, one forgets what kind of country Belgium is. If Belgium loses the advantage it derives from the single market, it will have to go it alone and will become a very small market which will suffer greatly from this situation. On the other hand, a small country and a small market such as Belgium will have most benefits from a strong European market. Let us not forget this: If we achieve the single currency, we will have an integrated market which is larger than the U.S. market and in which monetary fluctuations will no longer have internal repercussions. Second, the single currency will have a say at the world monetary level to which the others will have to listen [passage omitted].

In my opinion, it is important to bring Jacques Delors's White Paper back to the fore. It has a chapter on how to organise the job market. We translate it now by setting up plans running for several years in each country with an annual European-level assessment, which we did for the first time in Madrid and which shows that there is convergence on this point. On the other hand, it has a chapter on large infrastructure works which it is hoped will lead to economic recovery. One thing needs speeding up. A social dialogue is emerging in the various countries. At a certain point it will be useful to make a synthesis of it at the European level [passage omitted].

[Moucheron] The German Federal Government has adopted an ambitious plan which aims to create two million jobs in three years. Is this not utopic?

[Dehaene] It is ambitious. The main thing is that is based on a consensus on the goals to be achieved between the social partners and the government and in which each signatory will have to implement its own part of the plan. One element of the plan is the relaunch of the economy which is also important for us. Presently the economic slowdown is a European phenomenon. And the German economy is certainly the main factor in starting a new upward trend. [passage omitted]

[Moucheron] Maystadt has urged the implementation of the ambitious European policy of major construction and communications works. Therefore a lot of money

is needed, possibly in the form of a loan, even at a European level. On this question Belgium is in an isolated position. France and Germany do not agree with this type of loan. What are your chances here?

[Dehaene] I would say that the Germans more or less disagree, whereas the French are in favor. The White Papers's network ambitions need to be achieved. Since the presentation of the White Paper projects have been selected and are being implemented at the national levels. For the links that are essential from the European point of view, European funding is needed. [passage omitted]

[Moucheron] Will your voice be heard by your colleagues?

[Dehaene] Commission President Santer is drafting proposals which have to be discussed by the finance ministers. We will have to find the middle course between the rigid position of some finance ministers and the willpower of the EU and the European Commission to finish these projects.

[Moucheron] Denjeke has proposed enhancing Europe's social dimension and that the social issue will be discussed at the Intergovernmental Conference (IGC). Denjeke proposed enlarging the IGC's mandate to include social and job problems. Is this once again a Belgian voice crying in the wilderness?

[Dehaene] I do not think so. In the Scandinavian countries it is a significant preoccupation and I heard the Italian presidency talk about it as well. I have also welcomed the letter drafted by Kohl and Chirac on the eve of the Madrid summit and which includes more or less the IGC agenda. However, one point was missing namely the reinforcement of the single market, and later monetary union, in the fields of social, fiscal, and environmental harmonization. [passage omitted]

[Moucheron] Belgium has an ambitious program for the IGC. How far would you go if you are unable to have your viewpoint accepted, especially on the social issues? Will you slam the door and run the risk of making the IGC a failure?

[Dehaene] We have to see first who are our partners in this debate. I expect the IGC discussions to be very tough and there will be risks of failure. However, one has to realize that with the prolongation of Maastricht the treaty is on the road of implementation, in other words, by concluding an agreement at the IGC, we are certain that EMU will be implemented. EMU will necessitate a strengthening of Europe in the areas just cited. Therefore, I am convinced that we will not be alone, that we will have a majority to demand this strengthening. At a certain moment we will have to

make fundamental choices about the kind of Europe we want. Those who favor a purely economic or financial Europe will realize that eventually it will no longer be supported by its citizens. Consequently it needs a complement. [passage omitted]

Netherlands

Netherlands: Kok Endorses Santer's Employment Proposals

BRUS02163596 Rotterdam ALGEMEEN DAGBLAD in Dutch 5 Feb 96 p 3

[Unattributed report: "Prime Minister Kok Sees Room for European Employment Policy"]

[FBIS Translated Text] Rotterdam — In addition to agreements on the European currency, proposals on sufficient employment in Europe should also be regulated by treaty, according to Prime Minister Kok. The prime minister has no doubts about the formation of the EMU (European Economic and Monetary Union) in 1999, or that the Netherlands would belong to the core group. "I am mainly curious to see which other countries will be part of it," he said.

Speaking at a PvdA [Labor Party] meeting in Rotterdam on the theme of "Europe: more than a market and currency," Kok said that it was "beyond dispute" that EMU would "eventually benefit employment in the participating countries." "At first that will not be self-evident and EMU in itself is not sufficient to create enough jobs," said Kok. The prime minister said that "there is much to be said for putting the goal of sufficient employment — alongside EMU — in the EU treaty." That would have to take place at the

Inter-Governmental Conference which is to review the Maastricht Treaty.

Up to now promoting employment had mainly been something for the member states themselves, in the view of the cabinet. The VVD [People's Party for Freedom and Democracy] in particular is apprehensive about a European employment policy, because with it there would be a danger of losing control over spending.

Moreover there is little enthusiasm in the coalition for releasing money for a European employment policy, given the fact that the Netherlands is a net contributor to Europe.

Nevertheless Kok is looking for support for the idea, launched by European Commission President Santer last week, of establishing a "social pact." "Given that a solid and sober budget policy and high level of employment go hand in hand, I want to work in Europe strongly for a social pact," Kok said in Rotterdam.

Kok would not say how much the employment measures might cost as a part of the pact. Santer says they would not have to cost much. For example he wants to release 3.5 million guilders from the agricultural reserves and reuse these funds to create new jobs. In addition Santer wants to borrow money from the capital markets.

With his concession Kok has gone some way to meeting the PvdA rank and file and trade union movement, who are concerned about the growing unemployment in Europe and the tenability of the social system. The FNV [Netherlands Trade Union Movement Federation] supports the Swedish proposals that Maastricht-2 should include high employment as one of the fundamental principles of economic policy in the treaty.

UK: Rifkind Calls for Greater EU-U.S. Free Trade

*MSD502104496 London INDEPENDENT in English
5 Feb 96 p 8*

[Report by Michael Sheridan: "Rifkind Pushes For Free Trade With America"]

[FBIS Transcribed Text] The Foreign Secretary, Malcolm Rifkind, will claim tomorrow that Britain is "forcing the pace in Europe" for free trade with the United States, and he will demand new moves for economic liberalisation across the Atlantic.

In a speech to be delivered in London, Mr Rifkind will place Britain at the radical end of European policy towards free trade. His message will be unwelcome to significant European partners like France, whose leaders and electorates remain unconvinced of the blessings of laissez-faire trade policies.

The speech will cautiously locate Mr Rifkind's thinking towards those on the Tory right who urge the creation of a deregulated, offshore Britain competing in the global market alongside the economic "tigers" of Asia.

Echoing the style of John Redwood, the Foreign Secretary will preach the message that "economic liberalisation begins at home" and praise the Conservative government's moves to cut taxes on business, reduce non-wage labour costs and privatisate state industries.

According to a draft of his text, Mr Rifkind will acknowledge that "the seductive arguments for protectionism will not go away" and he will say that "this is a battle — like the battle against inflation — which is never finally won".

The Foreign Secretary has made transatlantic co-operation an important theme of his term in office and this will be his second keynote speech on the subject.

Mr Rifkind is to select three target areas for British lobbying. He wants to see cuts in specific tariffs in the U.S. and Europe that can amount to 48 per cent on footwear, 32 per cent on clothing and 25 per cent on trucks. He will advocate Early Mutual Recognition Agreements to cut barriers imposed by local standards and regulations. He will also critique "Buy America" legislation in the U.S. which shuts European companies out of parts of the \$900bn (588bn pounds) transatlantic public-procurement market.

In a bilateral context, the Foreign Secretary also will issue a call for Britain and the U.S. to resume talks on an air-services agreement between them, adopting the basis of the last British offer. The negotiations broke down last year.

Mr Rifkind says Britain wants to see progress by the European Union on measures to reduce tariffs and open up public procurement agreed at the EU-U.S. summit in Madrid last year. He will call for "new political will" to reform the Common Agricultural Policy.

Mr Rifkind will add that the Italian presidency of the EU should accelerate talks on free trade with Canada and Mexico, a prospect that probably will seem unpalatable to the southern Europeans.

UK: McGuinness Rejects Mitchell Warnings of IRA Split

*MSD502104696 London THE GUARDIAN in English
5 Feb 96 p 5*

[Report by David Sharrock: "Sinn Fein Denies Risk of Split in IRA"]

[FBIS Transcribed Text] Sinn Fein's chief negotiator, Martin McGuinness, yesterday denied there was any danger of the IRA splitting because of grassroots republican unrest over the peace process.

Mr McGuinness was responding to a claim by George Mitchell, leader of the international panel on decommissioning paramilitary weapons, that there are potentially damaging differences of opinion within the republican movement.

Mr Mitchell, who headed the three-man advisory body and who acts as President Clinton's special Ireland envoy, said everybody needed to move quickly to full negotiations on Northern Ireland. But he conceded that the deadline of the end of this month set by the British and Irish governments for the commencement of all-party talks would probably not be met.

Asked on BBC1's **BREAKFAST WITH FROST** whether the IRA would return to violence, he said: "I think there is a danger of a fracture within that organisation. It seems clear that not all on the republican side favour the ceasefire and the potential for some elements to take direct and violent action does remain."

I hope that is not the case. I do believe that the political parties that are closely associated with the paramilitary organisations on both sides ... are committed to the process. That's why I believe it is important to draw them further into the democratic process by getting these negotiations going as soon as possible.

Speaking later, Mr McGuinness said: "I was surprised to hear that Senator Mitchell has said this. I believe that over the course of the last 18 months since the beginning of the ceasefire that the IRA have proved themselves to be a very disciplined and cohesive organisation. I don't believe there is any danger of a split in the IRA."

On Saturday the IRA denied responsibility for a gun attack during which 57 shots were fired at the home of a policeman in County Tyrone. The IRA issued a coded message in Belfast condemning as "mischievous" claims that it was behind the attack.

Police sources have said all the indications so far were that the IRA was responsible and that one of its favoured weapons — an AK47 assault rifle — was used.

Over the weekend Sir Hugh Annesley, Chief Constable of the Royal Ulster Constabulary, issued a fresh warning of an IRA bombing campaign in Britain if the ceasefire breaks down.

Friday's shooting and the murder on Tuesday of INLA [Irish National Liberation Army] chief of staff Gino Gallagher raised fears that the ceasefire could crumble if the peace process is not moved forward soon.

David Trimble, the Ulster Unionist leader, echoed Mr Mitchell's warning of the threat of a return to violence by the IRA. He said the IRA and other republican groups were "quintessentially fasci-

Germany: Kinkel Urges Dialogue With Russia on NATO

AUDIO2105296 Cologne Deutschlandfunk Network
on German 0712 GMT 5 Feb 96

[Telephone interview with Foreign Minister Klaus Kinkel by Dirk Mueller in Bonn — live]

[FBIS Translated Text] [Mueller] NATO is currently facing a dilemma. On the one hand, it does not leave any doubt about the fact that close security policy cooperation with Russia is indispensable in Europe. On the other hand, however, it wants to shift its borders farther to the east, which Moscow sees as a threat to its own security.

At the Munich Security Policy Conference this weekend [3-4 February] one could hear Western politicians use pacifying tones in addressing the Kremlin. Chancellor Kohl, for instance, did not mention the war in Chechnya with a single word and showed demonstrative understanding for Moscow's reservations against NATO's expansion to the east.

In Bonn I now have Foreign Minister Klaus Kinkel on the telephone. Good morning.

[Kinkel] Good morning.

[Mueller] Mr. Kinkel, do you understand critics who say that German policy has now obviously started to copy up to Russia?

[Kinkel] This is not true. I was in Moscow last Saturday [27 January] and had extensive talks with President Yeltsin and new Foreign Minister Primakov. In no sense can one say that we are copying up to Russia. Rather, we must convince Russia that the reason for opening up NATO to new members is the desire to overcome separation and not to expand power.

If we want to expand NATO, which we have decided, this is not aimed against Russia, but meets the security needs of the central and east European countries after the disappearance of the East-West conflict. Russia must understand that. We must try to remove its fear of being isolated and hemmed in. I did so in my talks in Moscow, and now this was also the issue of the Security Policy Conference in Moscow.

[Mueller] Mr. Kinkel, many commentators and security experts saw Kohl's speech as indicating — let us say — reservations against an expansion to the east.

[Kinkel] No, this is wrong. We want to include Russia in the new European architecture. No one wants to keep Russia out or to isolate it, but we want NATO's expansion. I think the chancellor rightly advocated making progress with expansion parallel to the talks

and to the attempt to convince Russia that the security architecture wants Russia's inclusion. If Russia is left included, the European security architecture would be built on sand, because security for Europe is possible only with Russia and not without it, and certainly not against this large and important country.

It is clear everywhere — and President Yeltsin and Foreign Minister Primakov told me this last Saturday — that Russia does not want a veto. It knows that it cannot have a veto. It expects us to discuss with it more intensively what we have decided, namely the Partnership for Peace, and it expects us to continue the dialogue with it, which, as I have suggested, should lead to a charter, a special relationship between NATO and Russia, setting down what both sides are particularly interested in.

As a result of the forthcoming NATO expansion, Russia feels isolated. It gets the feeling that the former Iron Curtain is being shifted a few hundred kilometers to the east, right before Russia's door, so to speak. In particular, it is afraid that, if the central and east European countries were to join NATO, nuclear weapons would be deployed there, which is not intended at all.

Therefore, we need to patiently discuss with Russia what it means to include this large and important country in this security architecture but still to make calm and steady progress with what we have decided.

[Mueller] You say make progress. Mr. Kinkel — I interpret this as being optimistic that NATO's expansion to the east might be initiated after all. However, Russian Deputy Defense Minister Kokoshin clearly rejected the plans for expansion in Munich yesterday.

[Kinkel] Yes, this is Russia's well-known position. One must have a little understanding that Russia is facing elections again. After the Duma elections we are now facing the presidential election. In my talk with President Yeltsin I noted that this pre-election campaign time naturally plays a role, but that there are indeed fundamental and serious concerns on the Russian side.

[Mueller] And this is obviously the case for all parties in Moscow.

[Kinkel] This really seems to be the case for all parties. All the more imperative that we try to make progress in our talks. I believe we must see that we already have confidence-building cooperation with Russia in the North Atlantic Cooperation Council. We have joint exercises and maneuvers within the framework of the Partnership for Peace, which was initiated by the 1994 NATO summit. We now have close cooperation between IFIR [Implementation Force] and Russia in the

former Yugoslavia. I particularly expect this practical cooperation to reduce Russian concerns a bit.

[Mueller] Why is NATO not ready at the moment — or at least not publicly — to think about Moscow's demand not to include the east and central European countries in NATO but in a larger European security architecture, for instance within the framework of the OSCE [Organization on Security and Cooperation in Europe] or through another conceivable construction?

[Kinkel] One must distinguish two things: It has always been Russia's proposal — made by Foreign Minister Kozyrev — to say: Do not take NATO, which irritates us Russians so much, as the center of the new European security architecture, but take the OSCE. We see the OSCE as having a different function. The OSCE has preventive tasks. It is, so to speak, part of this security architecture in an additive way and not as the center. In our view, the center of this security architecture should be NATO. This is the one point.

The other point is that to Moscow Primakov suggested to me: You could, for instance, grant security bilaterally to those countries that have a justified security need after the disappearance of the East-West conflict — that is, the central and east European countries, through bilateral treaties. However, these countries do not want that. They want to get into NATO, and we think that this is a justified wish, which should be fulfilled.

In this respect, Russia has different proposals, but we have our clear and firm opinion, and I say it once again: We are not doing this to provoke Russia, but to establish a new architecture with the inclusion of Russia. This big country, still the world's second largest nuclear power, which still has a gigantic fleet and a very high number of soldiers in arms, does indeed need a special relationship with NATO. This is what we are striving for and this is what we have offered.

Therefore, it would be good if Russia took up this offer for dialogue. It is unlikely that anything will happen in 1996, among other things because of the elections in Russia. We will also have elections in the United States soon. However, the Security Policy Conference made it clear once again that we have decided our path, which we intend to pursue carefully and certainly by taking into account the Russian reservations.

[Mueller] If Boris Yeltsin is reelected as Russian president, do you assume that he will show more flexibility after the summer, that he will move toward the West?

[Kinkel] I do not know. I just say that at the moment election campaign issues are also playing a role. One must tell the Russians one thing: Over the past years

NATO has undergone an enormous transformation. It was never an aggressive alliance, it was a defense alliance. It participated in shaping the political change in Europe and undertook comprehensive political and military adjustments to the new situation. Just think that now peacekeeping and, in some exceptions, peacemaking are in the foreground — as in the mission in the former Yugoslavia. Thus, it is not true that some aggression against Russia is planned.

On the other hand, thank God, we need not assume that Russian aggression against the central and east European countries or against somebody else is imminent. Nevertheless, these central and east European countries have security needs, which they want to see fulfilled in NATO.

[Mueller] Has Brussels already made a definite decision about which countries are to be accepted and when?

[Kinkel] No. We have decided that we will accept new members, but not when, how, and who. These decisions still need to be made. Therefore, we still need time. The NATO study, which is also known to Russia, has set down certain things and has made progress with them to a certain extent. This study now has to be discussed extensively with Russia.

Germany: Defense Minister Views NATO. Conscription

LDU50212.9596 Berlin N-TV in German
20:30 GMT 4 Feb 96

[Edited] interview with German Defense Minister Volker Rühe by Martin Pendl in Munich; date not given; in the framework of the "Gesprächstag" program — recorded)

[FBIS Translated Excerpt] (Pendl) Mr. Rühe, welcome to our program "Gesprächstag". Mr. Rühe at the Security Policy Conference, the Russians have once again affirmed their rejection of an eastward enlargement of NATO. Do you not fear that a new East-West conflict may be in the offing?

[Rühe] This was not a surprise. It was a good exchange of opinions, which must be continued. What we cannot ignore the politicians in Russia is the task of finally telling their citizens that this is a new NATO, which is opening up to the new democracies in the center of Europe and which, at the same time, is seeking a partnership with Russia. Evidence of this is our cooperation in Yugoslavia. This means the objective is clear, but a lot of hard work is still needed.

(Pendl) How can you make the politicians see this and how can you help them dispel their population's fears

[Ruehe] No one can do this job for the political elite in Russia. Naturally, this is difficult in an election year, but this is no longer the old NATO. It is a NATO which seeks cooperation, partnership with Russia, which may well be based on agreements. Therefore, this is not expansion, we are not expansionists, it is not directed against anybody, but it serves stability in Europe. This means that the new European security structure can be described as resting on two pillars: a NATO that is opening up and taking in the new democracies, and the partnership between this NATO and Russia.

[Pendl] Mr. Ruehe, NATO Secretary General Solana, who is attending this Security Policy Conference for the first time, has said he is positive that the NATO operation in Bosnia will really be completed by the end of the year. Judging from your experience so far, are you convinced of this, too?

[Ruehe] Yes, this is our intention and I and the German Government have put pressure on ourselves by including this 12-month period in the Bundestag decision. Sending 60,000 soldiers to one country for 12 months to create the conditions for peace is an enormous undertaking. At the end of the day, peace must come from within. No one can do this on behalf of those concerned. Therefore, I support this fully. The mission of this NATO force in Yugoslavia will last 12 months.

[Pendl] Not a day longer?

[Ruehe] No, because then they may easily stay a few more years. I would like to say this again, these days must be made use of. Our concern is that the civilian reconstruction is not making fast enough progress. The elections will be very important to install new democratic authorities. We are pushing for speed as far as the civilian reconstruction is concerned. On the military side everything is running very smoothly so far.

[Pendl] Mr. Ruehe, where do you see the dangers and crisis areas of the future and how are you preparing the Bundeswehr for these?

[Ruehe] The decisive thing is that there is no confrontation. The new enemy, so to speak, is the instability of political developments. Defense of the country and the alliance remains the main priority, but both the Bundeswehr and NATO must be successful in crisis management and stability transfer. In this respect, we are clearly focusing on Europe and on its surrounding area.

[Pendl] The armed forces are using more and more advanced technology; more and more highly qualified specialists are needed; the basic service period for conscripts has been reduced to 10 months, and at the moment only one in three candidates is actually called up. On top of this, the number of conscientious

objectors is rising. Mr. Ruehe, in these circumstances is it wise to maintain an army of conscripts? Would not a professional or volunteer army be better?

[Ruehe] Thankfully there is a great consensus in Germany that it is part of our security culture to have conscription. However, it must be adapted. The Russians are no longer at the Elbe; we do not need the whole of the Bundeswehr to be ready for action immediately. Therefore, we have been able to cut back to 10 months. Also, conscripts cannot be used for tasks other than the defense of the country or the alliance. Therefore, those troops are all volunteers. Incidentally, we have twice as many volunteers, for example for the Yugoslavia mission, as we have places. [passage omitted]

[Pendl] The forces are spending a lot of money on information and advertising for new recruits. Nonetheless, the number of conscientious objectors is rising. The average rate is about 28 percent. Where do you see the reasons for this rather high rate?

[Ruehe] The rate of conscientious objectors doubled in 1990-91 in connection with the Gulf conflict and the reduction of the East-West confrontation. Then it remained relatively stable and actually fell slightly. Now we are seeing an increase, but we have called up 30 percent more recruits so that the number has risen due to more people being called up. However, there is no doubt that many people reject military service because they believe they can get a more interesting assignment or a place closer to home if they do civilian service. [passage omitted]

[Pendl] Mr. Ruehe, I would like to ask again, the Dutch are introducing a professional army, the British have one, the Belgians are changing over. Is there no pressure on us to do so, too?

[Ruehe] We will have to see. Everybody has their own history. We will have to see what is the right thing for us. We are in the center of Europe, the British and the Americans are in a completely different situation. Because of conscription we can have up to 700,000 soldiers ready in case of an acute defense situation. All this would no longer be possible with a professional army and the credibility of European defense would become doubtful. The most important thing is that every young generation is taken into the forces. This adds a lot of intelligence and we believe this is the right way for us.

Naturally, what happens in France is important, more important than the small countries that you mentioned, which do not play such an important role in the defense of Europe. There will be differences, but I do not believe that France will give up the idea of conscription.

Incidentally, we have seen different things in Germany this century and in my view the fact that the Bundeswehr looks back to the values of Scharnhorst is the right thing and shows that we have found our own way.

[Pendl] Thank you Mr. Ruehe.

Germany: FDP's Lambdorff on FRG, U.S. Employment

AUUS02082296 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 2 Feb 96 p 14

[Article by Otto Graf Lambsdorff, economic policy spokesman of the Free Democratic Party of Germany, FDP, Bundestag Group: "If We Only Had a Job Creation Machine"]

[FBIS Translated Text] I recently praised the U.S. employment miracle as an example for Germany in a debate in the German Bundestag. This did not remain unchallenged. However, beyond the necessarily brief discussion in a Bundestag debate, it pays to risk a comparison of the situation on the U.S. labor market with that in Germany.

In modern industrial states, growth and employment are by no means separated, as many mean resignedly in view of the high unemployment rate in Germany and other European states. German figures also prove this. However, in the eighties unemployment became more firmly established despite an increase in employment because at that time the labor force increased more than the number of jobs.

Things have been different in the United States. There an even greater increase in the labor force has been integrated with an appropriate increase in employment. Without corresponding interventions on the labor market, the United States succeeds in turning an economic growth of 1 percent into an increase in employment by 0.8-percent.

It can be frequently heard that the new jobs created in the United States are only inferior ones in the services sector (so-called McDonald's jobs). This has been disproved by a McKinsey study. Relatively few bad jobs are created in the United States; in the eighties the rate was 27 per 1,000 inhabitants. On the other hand, 47 per 1,000 Americans found additional employment by graduating from a technical school, a college, or a university. In the FRG there are not even half as many.

However, by no means did the more balanced labor market development come easily to the United States. The employees had to make hard concessions to ensure greater dynamism and flexibility. From 1980 to 1992, U.S. real wages decreased by 8 percent, while they increased by 22 percent in Germany. Moreover, the

U.S. employment miracle was bought at the expense of greater inequality. In the United States the wage gap increased.

The great integrative capacity for the influx of unqualified and unexperienced workers was mainly due to the fact that the real wages of the lower wage groups decreased. The middle class suffers from the feeling of decreasing economic chances and the danger of a social decline. At the same time, the incomes of the top group increased considerably, above all in the eighties. In Germany, however, the wage gap is closing. Thus, it is the only OECD country where the wage gap decreased in the eighties.

The development of new competitors on the product and services markets, which enter into competition with low wage costs, but also with increasing quality, puts pressure on all industrial countries — whether North America, the European Union, or Japan. Isolation and protectionism only temporarily promise a way out.

They are even less a solution for Germany, which strongly depends on exports. Adjustments and structural changes are inevitable. A worker in the Czech Republic gets one-tenth of the hourly wages of his Bavarian colleague. That cannot remain without influence on incomes in the lower wage groups in our country. Therefore, in the industrial countries the pressure for adjustment hits precisely the lower qualified and those who are less able to withstand it because the jobs are in direct competition with those in the low-wage countries.

In 1993, the unemployment rate of unskilled workers in western Germany was, at 19 percent, three times as high as that of skilled workers. This ratio is even greater with the long-term unemployed. With the present wages, which we increased in Germany because of social motives by a base wage policy, among other things, there are fewer and fewer job possibilities for workers doing simple work.

More employment for lower qualified persons, as can be observed in the United States, requires a greater differentiation of wages. This can, but need not result in an insufficient income situation called the "poor workers" in the United States. Is that worse or are "poor unemployed" more depressing?

It is by no means only liberal, but meanwhile also leftist economists who, from different starting positions, encounter a jointly realized obstacle to the labor market development in Germany: the autonomy in collective bargaining practiced in our country. A discussion of the topic without taboos finally results in the question of whether the autonomy in collective bargaining practiced in our country is not almost exclusively to the advantage

of those who have a job and increasingly at the expense of the unemployed. In addition, the taxpayers and those who have jobs are burdened with the costs of unemployment via increased social security contributions. In this way, labor in Germany becomes additionally expensive and the gap between net and gross wages is opened. Must this remain so? Is that social? Is this allowed?

The drifting apart of the distribution of incomes like in the United States is hard to accept in Germany from the distribution policy point of view. If one had taken the road of the wage gap in Germany in the past like in the United States, the result would have been that even more workers would have simply become recipients of social assistance and would have reached higher incomes by illicit work.

Here the question of whether one cannot find an acceptable way that combines the advantages of the German welfare state with those of the U.S. labor market flexibility arises for many people. As a solution, the negative income tax, for which the FDP (Free

Democratic Party of Germany] is calling under the name of citizens' money, is being discussed. The citizens' money allows the differentiation of wages and thus permits the formation of market wages for the lower qualified persons that clear the labor market. In this way, it permits their social integration into professional life.

At the same time, by means of incomes from the state as the opposite of an income tax, the citizens' money works as a correction and in this way increases the incomes earned on the market to a socially justifiable level. The question is whether there can be a limited state subsidy of such contracts of employment that is protected from abuse. I think that it is worth it to look for such a form of citizens' money. There are not many alternatives because we will not change the low-wage competition from abroad: either we accept the wage gap without compensation according to the U.S. model with all its social consequences, or we continue the model of the German social state with redistribution, isolation, and financing of unemployment.

France: Restates Opposition to U.S. Sanctions on Iran

LD0502183096 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1630 GMT 5 Feb 96

[FBIS Translated Text] The French Government, once again, expressed opposition to the U.S. measure of economic sanctions against the Islamic Republic of Iran. Our colleague reports from Paris:

[Unidentified correspondent] Yves Doutriaux, French Foreign Ministry [deputy] spokesman, during an exclusive interview in Paris this afternoon, referring to President Jacques Chirac's recent visit to the United States and his meeting with President Bill Clinton, said: Despite the U.S. stance of imposing trade sanctions against the Islamic Republic of Iran, France and the EU continue to oppose these sanctions.

The spokesman added: The U.S. measure is considered as an action against another country and foreign commercial firms. For this reason the stance by France and the EU in opposing such a measure is quite clear and will not change.

France: Millon Fears U.S. Armaments 'Monopoly'

LD0602115196 Paris France-Info Radio in French 1100 GMT 6 Feb 96

[FBIS Translated Text] On to the future of the armaments industry: Charles Millon believes that Europe must become the natural dimension of our industry. This is what the defense minister said at the Forum for the Future, organized by Balladur-supporter Jacques Baumel.

Charles Millon repeated that France can no longer afford to develop programs on its own in all areas, and that it is necessary to react quickly and on a large scale to the increasingly fierce commercial war. Charles Millon says that it is imperative to build this European armaments industry fast so as to avoid an American armaments monopoly.

France: Millon Says Arms Industry 'Very Worrying'

BR0602100096 Paris AFP in French 0754 GMT 6 Feb 96

[FBIS Translated Text] Paris, 6 Feb (AFP) — Defense Minister Charles Millon said on RMC [Radio Monte Carlo] on Tuesday [6 February] that the situation in the arms industry is "very worrying", adding that he hoped he could "limit job cuts as much as possible" in this sector.

"It is difficult to make any prediction," he declared. Mr. Millon indicated that the government intends to "promote the diversification of the arms industries and open foreign markets to them so that they can become independent, at least in part, of the national defense budget."

While refusing to speculate on job cuts, Mr. Millon said that he prefers to "announce economic and social support programs, initiate a policy of innovation, conversion, diversification, and export."

Questioned on the future of conscription, Mr. Millon reaffirmed that "doing away with conscription is out of the question" but that it is "necessary to remodel it."

"It is now clear that a modern army is a professional army," he stated. He stressed that his proposal for a six-month civilian conscription scheme could take various forms and that parliament will debate the issue.

France: Menage To Promote Ties With Gulf States

BR0502150896 Paris LA TRIBUNE DESFOSSES in French 5 Feb 96 p 15

[Report signed "E.R.": "Middle East Mission For Gilles Menage"]

[FBIS Translated Text] Gilles Menage, former CEO of Electricite de France [EDF], has just been charged by Industry Minister Franck Borotra with a mission to promote industry and energy in the Gulf nations. Stressing "the great importance that the French Government attaches to good political and economic relations with the countries of the Arab peninsula," and noting that such ties "tend to deteriorate," the industry minister has given Francois Mitterrand's former cabinet secretary a number of tasks and has drawn up a list of those countries that "Mr. Mediator" will have to cover: Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Yemen, and Qatar. However, there can be no doubt that Iran and Iraq will also be on the minister's mind if not on his lips.

These approaches will have to be made in coordination with the Industry Ministry's energy and raw materials department and with oil producing and refining companies and engineering groups. However, while the mission details do not mention the arms industry it is hard to see how this could be excluded. In particular, the former EDF boss should quickly become embroiled in the Giat affair and the problem of how to honor the weapons contract (for 436 Leclerc tanks) concluded with the United Arab Emirates.

In addition, the CEO of French railways Jean Bergougnoux, who had to tender his resignation in December,

has also been sent on a mission by the Industry Ministry. As a former managing director of EDF himself, he has been asked to work in one of his specialist fields and look into the problems posed by nuclear safety in the countries of Eastern Europe.

France: Michel Barnier Interviewed on Single Currency

LD0502134596 Luxembourg RTL Radio Network in French 1730 GMT 4 Feb 96

[Interview with Michel Barnier, French minister delegate for European affairs, moderated by Olivier Mazeolle, with Henri de Bresson from Paris LE MONDE and RTL correspondent Jean-Pierre Dauphine, correspondents not identified throughout; place not given — live]

[FBIS Translated Excerpt] [passage omitted]

(Correspondent) Mr. Barnier, let me put a question to you: will we be able to create the single currency by the date scheduled in the middle of an economic depression, and, at a time when the French and the Germans, each in their own corner and in their own way, are attempting to manage their own affairs?

(Barnier) We have entered into joint commitments, they have been ratified by the people, we must honor our signature, but, to answer your question specifically and without beating around the bush, I will tell you that I am convinced that we will be present for our appointment with the single currency. We wish to do so and we can do so. [passage omitted] We have already achieved four out of the five criteria of convergence. We still have to achieve the most difficult, tackling the public deficit, and we are going to do this, not primarily for the sake of the single currency, but because we need to do this for ourselves. [passage omitted]

(Correspondent) Would it be a serious matter?

(Barnier) It would be a serious matter because we have had enough suffering of the domination or the sovereignty of others. Why did we want to agree to share our monetary sovereignty? It is quite simply in order not to be subject to that of others, and I say that it would be a serious matter because we can already see very well from linking together certain comments made in the United States and elsewhere that it would mean once again, and for a long time, the domination of other major currencies of the world — the dollar and the yen. [passage omitted]

The time has come to give a new boost to European construction, to give it a political perspective, and this is what we are going to do under Jacques Chirac's

leadership in four sectors. I will give them to you quickly:

First, by building an exterior security and common defense foreign policy. This is the meaning of the great speech the president of the Republic just made in Washington. This is the lesson we can draw from Europe's powerlessness during that Middle-Ages style war that has just ended — and I hope it has ended once and for all — in Bosnia. This is the first objective.

Second, by reinforcing the zone of economic solidarity because our objective in that sector, our top priority, is to support jobs and to create others, and because the single currency is an instrument toward the creation of jobs.

Third, by putting people back at the center of the European project: freedom of movement in Europe, more security, fewer drugs, more transparency in the decisions of members of the European parliament — they should be closer to people — less pollution, and, last but not least, more social progress because we live together, our societies coexist, we exchange experiences, and we can learn a lot from one another.

Fourth, to achieve a greater Europe, to make a gesture... to include in our effort those countries that became democracies a few years ago. We must share everything we hold dear — peace, democracy, and progress — with these European peoples who have the political courage to reach a hand toward Europe and who want to join. They were separated from us by the communist period for 50 years.

That is it. Unity is strength. I have tried to tell you what the four great objectives...

(Correspondent, interrupting) Does this mean that France would like all these topics to be addressed at the intergovernmental conference that will begin in Tunis next month? It is expected to redefine Europe.

(Barnier) Many of these topics will be addressed at the intergovernmental conference that we are preparing for with Hervé de Charette. It is true that we are going to make proposals on that occasion.

(Correspondent) Are you going to represent France at the conference?

(Barnier) Look, the plan is — and this is quite natural — that the foreign minister and the European affairs minister will lead the negotiations on behalf of France. This is how things will be for us and for the other countries.

We are going to support ideas Jacques Chirac has already presented. We are going to consult the top

political leaders about common security foreign policy.
[passage omitted]

[Mazerolle] Let us now talk about sovereignty, Mr. Barnier. We are now going to deal with an issue you mentioned earlier in connection with the objectives pursued by the president of the Republic in the context of Europe: foreign and defense policy.

Let us start with foreign policy. It is obvious that, right now, all the decisions involving joint action must be made unanimously, hence a deadlock because the European countries do not always agree on action on sensitive issues, on extremely sensitive issues, as the former Yugoslavia has shown. Does France wish to keep the unanimity rule?

[Barnier] Wait a minute. Before we discuss technicalities — what is underneath the hood of a car...

[Correspondent, interrupting] Yes, this is important.

[Barnier] Jacques Delors said the other day: when one is looking under the hood at the engine — which should be the case for the minister [delegate] for European affairs — things are quite complicated so one needs to spend a long time with the engine and sometimes forgets the road on which this car is driving along, and what direction one is going.

Before we discuss technicalities — the way to vote — it must be said that we do not really have any foreign policy right now. It would be known if we had one. In Bosnia, Mr. Mazerolle, the EU was not present as such. Of course, we had a negotiator, a high representative, Carl Bildt, who did some admirable work. However, we do not have any real common foreign policy. European countries were present. We, the French, know this quite well: 56 young French soldiers died in Bosnia, and hundreds were injured. It is thanks to a joint decision between the French and the English, that of Jacques Chirac and John Major when they set up the Rapid Reaction Force, that the peace process was launched. European countries were present, but the EU, was not really. This is one of the lessons we have drawn from Bosnia. This is why, in 1996 and 1997, we would like... let me remind you in passing that the intergovernmental conference will start in Turen on 29 March.

[Correspondent] How long is it going to last?

[Barnier] It will last at least one year during which the issue will be dealt with at length. You can rely on me. If you like, I will come back to tell you about this. That is, if you invite me, but [pauses] one of the great objectives we have for this conference is to give the EU a voice and a face for foreign policy. We should be able to have a political figure appointed by the heads of state and

governments. We have talked of a high representative or a secretary general for foreign policy who would be able to speak on behalf of the EU for specific mandates, to deal with the problems on European territory in the name of the Union. When I see...

[Correspondent, interrupting] Wait a minute. How will this high representative, this secretary general for foreign policy be appointed?

[Barnier] In our opinion, he should be appointed by the heads of state and governments, by the European Council, and he should be able to surround himself with diplomats from all the countries, to create a forum of diplomatic solidarity. This is what is missing now: a forum in which diplomats can work together, think and explore together, manage crises when they arise, but also see how they can be avoided. Again, a forum of diplomatic solidarity, and I hope that this conference will be the stage of diplomatic solidarity, just as Maastricht was the stage...

[Correspondent, interrupting] And how long would his term be?

[Barnier] Well, at least several years. Indeed, one of the difficulties we want to solve is the fact that the presidency of the European Council rotates every six months. This is not good for foreign policy. We need more time. Three or five years: that is what the mandate should be...

[Mazerolle, interrupting] Does this mean that France can give up the idea of an unanimous vote for the decision concerning actions?

[Barnier] This is already the case, Mr. Mazerolle. In the jargon of the community, what we call the second pillar, the foreign policy and security issue, some votes take place with a qualified majority. This happens.

[Mazerolle] No, not at all, not for the decision concerning actions...

[Barnier and Mazerolle together] for the implementation of actions.

[Barnier] I never said anything else.

[Mazerolle] I was talking about the decision. When a decision is made, the sovereignty of a country is at stake.

[Barnier] As for decisions, we do indeed would like to keep this rule of consensus or unanimity, but the president of the Republic has suggested one concept. Since we are going into detail, I will also go into detail. This concept is very important for the future of Europe. It is the concept of flexibility. On the whole, for these new areas for joint action, the areas of security, foreign

policy, and defense, we should all be sitting around the table, the 15 or 18 European countries. Everyone should make a decision for a new direction, a new policy, but those who wish to make progress on the decision jointly should be able to do so without any opposition from the others. This is the rule of flexibility that France would like to introduce. This is a concept the French president and Chancellor Kohl expressed together. Less than 48 hours ago, Chancellor Kohl echoed the concept of a Europe where speed would vary with the issue. We are talking about new areas of action.

[Correspondent] [words indistinct] possible to manage? Indeed, if you have a monetary Europe with so many members, a Europe of defense with so many others, who will understand what is going on? At the end of the day, is this not a way of dodging the main issue, that is: do we want federalism or not?

[Barnier] This is what I mean when I explain that the president of the French Republic... like him, we are both ambitious and down to earth. If everyone is sitting around the table, we know what is going on because everyone decides, as was the case for the single currency. In Madrid the other day the 15 heads of states and governments made a joint decision, even if some have regrets concerning the currency or do not want to join right now — I am thinking of the English — all made a joint decision, but some make faster progress. We are going to do the same thing if we get our way at the conference concerning foreign policy and security even if issues of interior security... this is precisely what people must understand. Everyone decides together, but some make faster progress, with the agreement of the others, and then they make sure that the others can catch up with them. This is the rule we would like to implement.

[Correspondent] Two very simple questions on defense, Mr. Barnier. Does the implementation of a common security policy go as far as a common defense? That was the first question. Do you support the idea of a security agreement between NATO and Russia, with the enlargement of the alliance to East Europe?

[Barnier] My answer to your first question is yes — the idea in which the prospect of an exterior security and defense foreign policy is written into the Maastricht Treaty. People sometimes make a caricature of Maastricht when they mention it, or they forget part of it. Maastricht is not only about a single currency. It is also about common security and common defense foreign policy. The objective is indeed to organize the European defense pillar. When you read the speech delivered in Washington by Jacques Chirac, you will see France's open-mindedness — and this is why we

have operated a rapprochement with our partners in NATO and the Atlantic Alliance — [resumes thought] France's open-mindedness so that, now that the Iron Curtain has fallen, now that there is a new president in France, now that Maastricht needs to be implemented, we can create, with the agreement of the Americans, in the Atlantic Alliance, that European defense pillar. I do not know whether we will succeed. In any case, France is ready for that dialogue, and we are also ready to enlarge NATO, but not by doing so in a fashion that would be aggressive toward the Russians. Let us be very careful...

[Correspondent, interrupting] All right. Is a security agreement between NATO and Russia possible?

[Barnier] We will see what kind of partnership, what kind of dialogue an agreement with Russia will mean. In any case, we support the enlargement of NATO. Many of the countries I have been visiting in the East are sometimes more impatient politically than economically, they have applied for NATO membership, but we do not want to do so in a fashion that would be aggressive toward the Russians.

[Mazerolle] Concerning European defense policy, there is also the nuclear issue. France — the president of the Republic himself — spoke of a concerted nuclear deterrent with the European partners, but so far, we have stuck to a global formula that is very vague. How far can we go in the field?

[Barnier] Frankly, I do not know how far we can go, and we cannot tell now because the debate has not started. The president of the Republic has expressed this idea, he has asked the defense minister to take part in the meetings of ministers within NATO [word indistinct] France's willingness to build — if this is the wish of our partners — this European defense pillar

Mr. Mazerolle, when one talks of a defense Europe, of the defense of Europe, a joint defense, one cannot ignore the place and the role of the French deterrent, just as one cannot forget the place and the role of the British deterrent. It all goes together. The debate is going to start, and it is going to start on clear bases. Our commitment to go further will depend on our partners' willingness to carry out a real and significant reform of the Atlantic Alliance to build this European pillar. We have the Atlantic Alliance.

[Correspondent] But can we imagine that the decision to use the nuclear weapon will be shared one day?

[Barnier] No, this is not on the agenda. The place and the role of the French deterrent — which has been acknowledged, may I say, since the famous meeting in The Hague, and this was confirmed in Madrid a few

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weeks ago... all the European countries, including those that criticized our nuclear tests and did not show any solidarity — we were sorry about that — acknowledge the fact that one of the elements of stability in Europe and peace in Europe is the French deterrent.

[Mazerolle] In the past few months you have been busy preparing for the conference on European institutions. Unfortunately, the Madrid summit gave no clear mandate on this issue and the whole issue is not very clear. Do we face the same kind of horse trading as before Maastricht, something very difficult to explain to the people? How will you be able, during the negotiations, to stress issues that the public can grasp?

[Barnier] It will not be like Maastricht — in that case the negotiations were discreet, almost secret I would say — a diplomats' affair. Only later was it decided to call a referendum. It is clear that at the time Francois Mitterrand made a risky bet, a calculated bet maybe, that there would be more No votes than Yes votes.

Maastricht was not explained enough, there was not enough debate. I think the upcoming negotiations will be tough, it is quite obvious. France and Germany have some proposals to make, France has her own proposals and not everyone agrees on them: I mean the role played by national parliaments, which we would like to increase; foreign and security policies; the extension of the qualified-majority vote with a redistribution of votes to consider the member countries' populations. We have not yet won our battle on all these issues. A lot of work, diplomacy, and discussions will be needed. It will be complicated and difficult. However, one thing I am sure of is that, contrary to what happened before notably at Maastricht, this will be a political conference in which parliament will be involved. In the last six months I repeatedly had to answer questions in parliament and this is how it should be. Everywhere I go in France, in schools for example, people ask me about the intergovernmental conference and this is the first time there has been so much interest in a European conference. This is a good sign.

[Correspondent] Mr. Barnier, a last question on foreign and European policy. A short while ago, you complained about the lack of a European foreign policy in Bosnia. Pictures and witnesses have now given us evidence of mass murders in Bosnia. Is it possible — as far as Europe and its honor are concerned — that General Mladic, who apparently played a paramount role in the massacres, will ever be tried by the international tribunal for crimes against humanity? Mr. Barre said on "7/7" [Sunday news program] last week that we were there after all and did nothing to avoid it.

[Barnier] You are right to mention honor. I think it was Chancellor Kohl who said a couple of days ago that peace is not only the end of war. Peace must be in the hearts and minds of people and it is not there yet. [passage omitted]. Peace cannot be based on lies and oversight. Those who committed, ordered, and covered up these crimes must be punished.

[Correspondent] You mean Gen. Mladic?

[Barnier] Those who will be found guilty of the massacres, Mladic or any other, must be prosecuted, tried, and sentenced.

[Correspondent] Mr. Barnier, what has happened to Schengen? What is the French position. France seems to be drifting on Schengen.

[Barnier] It was a good idea to invite me because I can see that we must be more precise on several issues. We are part of Schengen.

[Correspondent] Yes, we need more information.

[Barnier] Well, here I am. [passage omitted]

[Barnier] The agreement is now between seven countries, not 15 countries: the seven EU countries that decided about 10 years ago to set up a common security and freedom area. Schengen not only abolishes the borders, it also means a joint computer service to track down serious criminals and fugitives. It is a small club [with joint policies] on visas and immigration. As I said it is a security and freedom [word indistinct] and I would like to stress the word freedom, freedom to move around. But also security. In June we saw that many things did not work: the computer system for example, the issue of visas. We decided to keep our internal borders for a while, as a temporary measure. To tell you the truth we acted even before the terrorist attacks.

[Correspondent] For how long are you going to stay out?

[Barnier] For some months — I cannot really say — we will continue the checks but we are getting there, we are getting there. We made a lot of progress on all the issues that caused problems since France used the safeguard clause. We still have to tackle two problems: we must replace fixed borders — which the Schengen agreement says must be removed — with mobile checks. We cannot let traffickers, the Mafia, and people who do not respect the law think that there are no longer checks between Madrid and The Hague, via Paris. We need checks, there must be a risk, a different, and I think more efficient kind of risk — that is, random checks on both sides of the border.

The second great issue, the issue that really preoccupies us, is drugs. We must wage war on drug traffickers and we must do more and do it better. The European countries must come together. The president himself asked in Paris for the issue of drugs to become a European and EU issue.

[Correspondent] Will it be possible to eliminate borders before the end of 1996?

[Barnier] I think that it will be possible in the next few months if our partners make a real and concrete effort on drugs. I do not mean only Holland. If we manage to decide together on joint action against drugs, I think that in the next few months we will manage to enforce Schengen 100 percent. We are already part of the agreement.

[Correspondent] Could you not do all these things and stick to the abolition of borders at the same time like everybody else? It is a political symbol after all. Does this mean that someone was not ready politically? Maybe the new president was not ready?

[Barnier] It is not a matter of new presidents. It is just a matter of saying things clearly. If you want the French to believe in Europe and to put their hopes in Europe, we cannot tell them lies. If we talk about security and freedom, then there must be both freedom and security. This is why we had to improve an agreement that did not function as it should.

[Correspondent] Mr. Barnier, is it possible to wage war on drugs if the Dutch do not change their laws. You are off to Holland tomorrow. What are you going to tell them?

[Barnier] I will work with them on a joint program and on joint action; not only between France and the Benelux, but also with Germany. We are planning a meeting of heads of state and government to discuss these issues. We are doing our best. I do not wish to accuse anyone, we just hope that progress can be made together against drugs as this is a matter of law and order.

[Correspondent] What do you plan to do?

[Barnier] Well, for example we want to check trafficking, production, boats. For example, if a country has a more liberal attitude, that attitude should not be exported. We must prevent problems that others allow at home be transferred abroad.

[Correspondent] As for production, there are plantations in the Netherlands.

[Barnier] It is one of the issues we are going to discuss together and we want to make progress precisely on these issues. I think that Europe, this Europe that is always being talked about, can help us.

[Correspondent] So is France in the position of convincing the Dutch?

[Barnier] I think the Dutch understand how determined we are.

[Correspondent] Thank you, Mr. Barnier. [passage omitted on greetings]

Cyprus: Needs 'Exclusive' Handling by U.S.

NC0202112596 Nicosia / MAKHI in Greek 2 Feb 96 p 3

[From the "Militant Comment" column: "Americans and the Cyprus Issue"]

[FBIS Translated Text] The Cyprus issue has been put on hold because of the crisis in the Aegean. Richard Holbrooke, the U.S. assistant secretary of state for European affairs, who was expected to arrive in the region soon to discuss the Cyprus issue, will not deal with this issue, but will deal with the Aegean. So a gap is being created in the U.S. initiative but it is unknown when that will be expressed or what form it will take.

We believe the Cypriot Government should ask Washington to appoint another figure who will handle the Cyprus issue exclusively, because it has been proven that neither Richard Beattie nor James Williams can deal with the Cyprus issue. Beattie manages a large firm of lawyers in New York with branches in London and elsewhere and is thus very busy. Williams is part of the U.S. State Department regime, just like U.S. Ambassador in Nicosia Richard Boucher, a genuine representative of the U.S. State Department's pro-Turkish wing. So if Clinton wants to help he must appoint an authoritative figure who will handle the Cyprus issue on a permanent and organized basis so that he can be devoted to the problem exclusively. It is ridiculous for U.S. officials to come to Nicosia once or twice a year "to resolve" the Cyprus issue.

Cyprus: President Kleridhis Interviewed on Crisis

NC0402220596 Nicosia / SIMERINI in Greek

4 Feb 96 p 11

[Interview with Cypriot President Glavkos Kleridhis by correspondents S. Iakovidis, Kh. Kharalambidis and K. Venizelos; place and date not given]

[FBIS Translated Excerpt] [passage omitted] [I SIMERINI] We are hearing many scenarios. Because defusing the situation in the Aegean will draw a lot of attention, there is the possibility that the Cyprus issue will become involved in this effort. There is a statement on the issue by White House Press Secretary McCurry, who said the following: "We will continue separate efforts through diplomacy to deal with these two countries" (Greece and Turkey) cases, including the Cyprus issue." This somewhat supports the existing scenarios.

[Kleridhis] First of all I want to discuss the scenarios. I read scenarios in the newspapers every day. We have repeatedly asked the U.S. Embassy in Nicosia if these reports have anything to do with reality. They

have categorically said the following: First, Richard Holbrooke, U.S. assistant secretary of state for European and Canadian affairs, will not bring any plan for a Cyprus solution when he visits Cyprus. This does not mean that they do not have any plans. What I am saying is that it is not foreseen that there will be a plan put forth during this visit. Second, all the scenarios have been officially denied as having no basis in fact. Third, Holbrooke said that the Cyprus issue is a possible source of tension between Greece and Turkey and that they will try to remove this source. They have not said that there will be a blanket approach to all Greek-Turkish differences, including the Cyprus issue. There are, however, certain aspects of the Cyprus issue in which Greece, Turkey, and Britain must be involved. Which aspects? The issue of guarantees. We do not accept the old guarantees with the rights of intervention, while Turkey insists on the 1960 system of guarantees.

Let me remind you of our proposal to expand the guarantees through the creation of an international force in Cyprus and the absence of any foreign intervention rights. An agreement on these things cannot be limited to the Turkish Cypriot and Greek Cypriot sides, because the talks are taking place at a higher level. They have to be discussed with the guarantor forces; so consequently, at some stage the guarantor forces must participate in the talks. So this is an issue. We give priority to these issues because we hold that in order to find a solution we must be satisfied about our future security. So we must first focus our attention on the issues of demilitarization and guarantees before we can begin discussing the constitutional issues. That is why we have insisted that the Americans must first concentrate on the Turkish Government. Because even if Denktas wants to, he cannot sit at the negotiating table and negotiate on these issues on behalf of Turkey.

[I SIMERINI] Are there any indications that the Americans intend to concentrate on Turkey and recommend or insist that it accept this approach?

[Kleridhis] There is confusion here. They have the will to do so, but they also want to press us as well. This means that we must not take it for granted that the United States has decided that we are right, that all our positions are correct and the Turkish side should make all the concessions. The UN does not take this view and neither does the EU. They believe that we are perfectly in the right on certain issues, but they also believe that on other matters we do not. [passage omitted]

[I SIMERINI] Was the Imia incident planned in advance? Was it part of a wider U.S. plan aimed at dealing with Greek-Turkish differences in general, including the Cyprus issue? Are you afraid that if they propose a

plan and we do not accept it, they will cause an incident similar to that of Imia in order to impose the plan?

[Klindtis] We are known to have great imaginations about possible scenarios. I heard the theory that certain Greek people went and hoisted a flag, certain Turks went and lowered the flag, then the navy went there, etc. The United States did not want such things to happen. This is proved by the fact that the United States showed no interest in stopping the whole thing until it was asked to do so.

[I SIMERINI] Who asked for U.S. intervention?

[Klindtis] From what I heard in Holbrooke's interview, the United States was asked to intervene, but it was not made clear who did so. So I accept that it was not their idea to get involved and instigate these things. But other people had asked them to intervene to deescalate things. The way the whole thing ended does not lead to the conclusion that there will be a general solution to Greek and Turkish problems. And why did this take place at a time when there is no Turkish Government?

[I SIMERINI] The deescalation occurred but the problems remain and they are visible.

[Klindtis] The differences remain, so anything is possible.

[I SIMERINI] Why do the Americans rule out including the Cyprus issue with the other problems? Let us repeat something that has been mentioned by Greek politicians: Is it possible that they tried to turn Greek-Turkish differences into another Bosnia so that certain solutions can be imposed?

[Klindtis] As hard as I try I—and when I was younger I was a poet—I cannot imagine why anyone would choose that island to create this problem, since other problems already existed. It was not certain that there would be war for a sterile islet. Why would they not choose a more serious issue, something that takes place every day, like the airspace violations or the continental shelf? And why have they intervened to defuse the situation after having caused it?

[I SP 'ERINI] Concerning our involvement, a staff office was created at the Presidential Palace. What was Cyprus' involvement in the crisis apart from the fact that we were following the developments?

[Klindtis] There was frequent contact between the two staff offices.

[I SIMERINI] Do you mean the unified defense doctrine worked?

[Klindtis] Of course it did. We were briefed every 30 minutes or every hour, depending how things developed and we were making our decisions accordingly.

[I SIMERINI] If there had been a clash could we have reacted?

[Klindtis] Yes. By morning everything would have been ready, because the measures taken were gradual depending on the developments.

[I SIMERINI] Did you consider mobilizing the Army?

[Klindtis] At 0400 local [0200 GMT] we thought about calling up the reservists, but it was not a general army mobilization. And the reason for this was that the message we received had referred to an expected enemy action there. Since this was expected there, we had to increase our readiness here. But when the political apparatus sent the message that negotiations had started, I judged that the mobilization did not have to take place. But we were ready.

[I SIMERINI] Certain conclusions arose from this crisis?

[Klindtis] Of course. I convened the National Security Council so that an exchange of views will be possible and to see what lapses there were and how to deal with them.

[I SIMERINI] What are the general conclusions and evaluations arising from the Imia incident, as applicable to the Cyprus issue?

[Klindtis] I do not think that we need to draw any conclusions. And if we do so, the conclusions will be very off-hand. The general conclusion is that the two things cannot be compared. Because if the Turks try to expand here, our resistance will be the first step and at the same time Greek support is expected. That means that Greece does not have to decide whether it will get involved or not. It is a fact. It is a fact that Greece will get involved and that the unified defense doctrine will immediately be implemented. Because there are people here; there is the National Guard. We will not go to Greece and tell them we will get involved just because we will be attacked. Whether we want to or not, we will be involved. From this point of view the two things cannot be compared. [passage omitted]

[I SIMERINI] The most important issue arising from the Aegean incident is that of sovereignty. Ten frigates went to an islet and disputed its sovereignty. For us, sovereignty is one of the basic issues. You have said that you will discuss the issue of sovereignty, but that it is not negotiable. The two approaches are separated by a very thin line. Can you clarify this issue?

[I SIMERINI] I do not believe that there is any issue that you can say you will not discuss, especially when this issue has been discussed and the two sides' differences have been documented. The issue of sovereignty has been discussed by all governments. And if you look at the differences enumerated in the Butrus-Ghali set of ideas, you will find the views of both sides and Mr. Butrus-Ghali's position as well. [passage omitted]

[I SIMERINI] What possibilities are created by the appointment of an EU coordinator for the Cyprus issue?

[Klindtis] It is a step and an important one as well, because it seems that there is another thought taking shape now: That a European team will be formed that will submit proposals for a Cyprus solution following a study of the issue.

[I SIMERINI] This coordinator will head the team?

[Klindtis] I do not know who the coordinator will be, since, as you know, each country holds the presidency for six months. Another presidency may decide something more. I do not know who will create this team. An idea was conveyed to us on the formation of a committee, a body, a team by certain countries wanting to participate in preparing certain proposals on a Cyprus solution.

[I SIMERINI] How do you evaluate certain actions by the British and the Americans, who tend to recognize the pseudostate?

[Klindtis] What is the important issue? Since they themselves say that they see these people as representatives of a community and not as representatives of a country, we must consider that this is the way they see them. If they wanted to recognize them they would

not say they see them as representatives of a community. The assurances given to our side — and we will continue to lodge demarches — is that "we see them as representatives of the Turkish Cypriot community." When I have these assurances orally and in writing, I get the impression that they do not intend to recognize the pseudostate. Otherwise they would not give this explanation. [passage omitted]

[I SIMERINI] What are you going to discuss with Greek Prime Minister Konstandinos Simits during your coming visit to Athens? What are your priorities?

[Klindtis] I have asked to first have a private meeting with him and then a meeting during which the foreign minister and other people will participate. Of course, we will discuss the way the Cyprus issue is being handled in connection with the U.S. initiative, if there is one, and in relation to the increased interest shown by Europe. How we are going to handle the Cyprus issue in view of these new European acts and the U.S. interest.

[I SIMERINI] You do not think that there is any change in Athens' policy concerning the basic axis? The policy set with Andreas Papandreu is still valid?

[Klindtis] If there is any change, this will be evident when we examine the way the Cyprus issue is being handled.

[I SIMERINI] The same applies to the unified defense doctrine, since Simits has expressed some unclear positions.

[Klindtis] I have been assured that there will be no changes on this issue.

Greece: 'Eurodeputy' Views U.S. Policy for Iran

LD0502230496 Tehran IRNA in English
2205 GMT 5 Feb 96

[FBIS Transcribed Text] Athens, Feb 5 (IRNA) — "Iran is the only country in the region which is not under U.S. control. That is why the Americans are making so many problems for you," Greek Eurodeputy Alexander Alavanos told IRNA Monday night.

He made the brief comment during a reception hosted by the Ambassador of the Islamic Republic of Iran, Qasem Moheb'ali, to celebrate the 17th anniversary of the victorious Islamic revolution.

Former parliament president Ath. Tsaldaris, ex-tourism minister and current deputy Yiannis Kefaloyiannis, ruling Pasok Deputy Costas Papanayiotou, who is the president of the Greek-Iran Parliamentary Friendship Group, protocol chief N. Kourionotis and a number of other foreign ministry officials could be spotted among the large number of guests.

The diplomatic corps in attendance included ambassadors from Canada, Russia, China, Egypt, Finland, Slovakia, India, Pakistan, Turkey, Ireland, Saudi Arabia, Kuwait, Croatia, Switzerland, Ukraine, Poland, South Africa, Bulgaria, Libya, Morocco, Tunisia and other countries.

Representatives of political parties, military attaches from a number of European states, China, Turkey, priests, businessmen, journalists, and Iranian residents of Athens attended the reception.

Qasem Moheb'ali and Military Attaché Captain A. R. Omidkhah welcomed the invitees at the ambassador's residence.

Greece: Pangalos Discusses Ties With Iranian Ambassador

LD0102165396 Tehran IRNA in English
1622 GMT 1 Feb 96

[FBIS Transcribed Text] Athens, Feb. 1, IRNA — The ambassador of the Islamic Republic of Iran to Athens, Qasem Moheb'ali, Thursday met the new Greek Foreign Minister Theodore Pangalos and discussed bilateral ties and issues of mutual interest.

Moheb'ali conveyed a congratulatory message from Iranian Foreign Minister 'Ali Akbar Velayati to Pangalos on the latter's recent appointment as foreign minister, an Iranian Embassy source told IRNA.

The two officials reviewed the latest developments in the region and discussed a Greek-Iranian initiative in Bosnia-Herzegovina.

The Iranian envoy extended an invitation Pangalos to visit Tehran, and the minister was expected to visit the Islamic Republic in the "near future," said the source.

Pangalos last week told IRNA that the tripartite meeting on Bosnia will continue.

The foreign ministers of Bosnia, Greece and Iran started a joint peace initiative in Bosnia last year.

Greece: Report on 'U.S.-Turkish Plan' of Crisis

NC0402162396 Athens / KATHIMERINI in Greek
4 Feb 96 p 3

[Report by Dionissios Makris]

[FBIS Translated Text] Military sources in the National Defense Ministry have described the recent crisis in the Aegean as a U.S.-Turkish plan that had four specific targets. They also feel that these targets were fully achieved due to the Greek Government's stance, which they criticized.

They assert that the concocted tension over the Imia rocky islet had the following goals:

1. On the one hand to strengthen Turkish Prime Minister Tansu Ciller and on the other to increase the status of the Turkish Armed Forces.
2. To weaken Greek Prime Minister Konstandinos Simitsis and his government.
3. To create a negative image of the Greek Armed Forces and to try to begin a dialogue on the confidence-building measures in the Aegean between Greece and Turkey, as proposed by the United States.
4. To force out some of the political and military leaders of the Greek Armed Forces because of the crisis.

Concerning strengthening Ciller, they said that the way this Turkish official politically exploited the issue testified to this. Ciller was mainly concerned with succeeding in her effort to form a new government in Turkey, although she did not succeed in the end. The military sources pointed out, however, that the Turkish military forces' influence, which had suffered a heavy blow after the operations against the Kurds, greatly increased.

In contrast, this "hot" incident adversely affected Konstandinos Simitsis, who is considered as a pro-European politician, and dampened the positive atmosphere that had prevailed since his the election. The Imia incident was bad for Simitsis, this was evident in the Chamber of Deputies, but also in the reactions of simple citizens, who had expected a stronger Greek position. But the military sources focused on the blow to the Armed

Forces' prestige. No politician had any considerations for the Army and its actions, even though the politicians are well aware that "our hands are bound," military sources said.

They pointed out that the current negative atmosphere will contribute to our country agreeing to the discussions that are being sought by Ankara and Washington on confidence-building measures in the Aegean. The main U.S. goal is to settle the problems in the Aegean in favor of Turkey so that Ankara will be able to play an active part in the Caucasus area, where the next military confrontation is expected in the near future, according to the same military sources.

The sources stressed that all these targets would be easier to attain if National Defense Vice Minister Nikos Kouris and YEETHA (National Defense General Staff) Chief Admiral Christos Limhens, who bears primary responsibility for Armed Forces operations, were to resign. Both men clearly favor the view that Greece must proceed with the extension of its territorial waters to 12 nautical miles, something that disturbs Ankara and goes against U.S. policy in the area.

Greece: Simitis Outlines Foreign Policy Activities

NCD502/62796 Athens ET-1 Television Network
in Greek 1337 GMT 5 Feb 96

[News conference by Greek Prime Minister Konstantinos Simitis with unidentified correspondents at the Chamber of Deputies in Athens—live]

[FBIS Translated Text] [Simitis] Ladies and gentlemen, the government committee conferred today in its new form. This was the first meeting, but others will follow. The government committee will convene regularly on a weekly basis, most likely every Tuesday.

The government committee today dealt with the effect of recent developments on foreign policy and on the immediate measures that the government will take to deal with these developments.

We asserted that despite some positive expressions in the EU, our EU and NATO partners maintained an equal-distance policy. They hesitated to recognize our rights or to support us decisively. The existing atmosphere of maintaining a distance must be overturned. We must win their support through arguments and action. In the next weeks, we need to restore close contact. Averting future crises will be based on cooperation and alliances. Thus, we must promote cooperation and alliances. We need to make everyone understand that Greece is here.

Within this framework, it was decided that in the next weeks I will visit Italy, which is the EU president,

and the European Commission in Brussels, Bonn, Paris, and London. The foreign minister will visit other European capitals, and other ministers will contact their counterparts according to their capabilities and opportunities.

Now, as far as the United States is concerned. As you know the United States invited the president of the Republic to visit in May. The possibility of a visit of my own to the United States is also currently being discussed. If this is the case, the foreign minister will accompany me, in addition to his accompanying the president on his visit. If my visit is not possible, the foreign minister will still visit the United States.

Our first need is to wage a diplomatic campaign to formulate better relations. We believe that we will be able to create a better atmosphere, an atmosphere such that if there are any future incidents, confrontations, or tensions, we will have much greater support than we did.

In connection with the crisis, we asserted that there is no body to program political safety—which includes foreign and defense policies—and at the same time deal with crises. We discussed the possibility of creating such a body, improving KISEA (Government Council on Defense and Foreign Affairs), and creating a secretariat that will help in the long term programming of foreign policy and in dealing with crises.

Regarding Turkey-EU relations, we decided to examine our position toward Turkey within the framework of the EU and based on specific issues.

To expand talks with all the opposition parties, Pangalos will regularly brief the Permanent Chamber Committee on Foreign Affairs. We will also promote the Council of Balkan countries. This is an institution that safeguards cooperation between European countries and countries outside the EU—in this case the Balkan countries.

Finally, at the conference to examine the community's improvement—the Intergovernment Conference—we will defend the recognition of the community's foreign borders and the provision for mutual contribution, so that our borders will be safeguarded.

We agreed that another meeting will follow very soon to discuss those defense policy issues that were not raised at this meeting.

A second issue discussed by the government committee was the introduction of OTE (Greek Telecommunications Organization) shares to the stock exchange. The government decided to submit a bill to introduce about 6 percent of OTE shares to the Athens Stock Exchange.

This will be done within the next three months. Thank you.

[Unidentified correspondent] What did the government committee decide? Will Mr. Holbrooke come to Athens?

[Simitis] We said that the schedule proposed by Mr. Holbrooke does not coincide with the government's engagements. So, the visit is not possible. Of course, I want to stress that there will be other meetings between Greece and the United States, between Greek and U.S. ministers. I mentioned earlier the president's visit to the United States and the visits planned by myself and the foreign minister.

[Unidentified correspondent] Mr. prime minister, what were the ... [words indistinct]

[Simitis] We believe the distance that exists, and the hesitation that I mentioned, is due to our inactive presence in what is happening in the community and in the development of community policies. We must participate more actively. We must state our views on the existing skepticisms. We must play an active role. They believe that we are keeping our distance and because we are keeping our distance, they can do the same.

Greece: Ambassadors Told To Protest Turkish Attitude

NC0502203296 Athens Elliniki Radhiosfonia Radio Network in Greek 1800 GMT 5 Feb 96

[FBIS Translated Text] We now link up with the Foreign Ministry, where our correspondent Mirela Kalostipi has the following report on Greek-Turkish affairs.

[Kalostipi] This news report concerns relations with Turkey and our diplomatic activity. We were informed that, through an urgent cable to embassies and permanent missions, the Foreign Ministry called upon ambassadors in countries which are allies and partners of Greece to proceed with a demarche against the new threats in Mrs. Tansu Ciller's latest remarks. Ciller is again threatening Greece with war if it proceeds with the legitimate extension of our territorial waters from 6 to 12 nautical miles, and she further makes provocations and questions Greek sovereignty in the Aegean. As is well known, in addition to the Imia rocky islets, Mrs. Ciller appears to have coveted the [words indistinct] islets in the Aegean.

Foreign Minister Theodoros Pangalos yesterday evening and today had two meetings with U.S. Ambassador in Athens Thomas Niles, but no statement has been made. However, we have been informed that he explained to Mr. Niles the reasons why it is not possible for Mr. Richard Holbrooke to visit Athens now. They also discussed further steps to be taken regarding consultations between Athens and Washington on the question of our country's relations with Ankara.

Andrew Athens, the president of the Greek Emigrants Council, is reportedly expected to meet with the foreign ministry on Wednesday [7 February]. The meeting will obviously deal with mobilization and pressure which the Greek community in the United States can exert on the U.S. Government with regard to the question [words indistinct] between Athens and Ankara, as well as between Athens and the U.S. [words indistinct]

Turkey: Yilmaz Comments on Issue of Deputy Transfers

TA0502140296 Ankara TRT Television Network in Turkish 1300 GMT 5 Feb 96

[FBIS Translated Excerpt] The Motherland Party [ANAP] parliamentary group administrative council and chairmanship council met today to assess coalition alternatives. At the meeting, the possible government models and offers will be given their final form before ANAP leader Mesut Yilmaz meets the leaders of the other parties. [passage omitted]

Replying to questions before the meeting, Yilmaz described as a goodwill initiative the list containing the names of 25 ANAP and 25 True Path Party [DYP] deputies who will reportedly support ANAYOL [acronym meaning "main path" based on a combination of elements in ANAP and DYP]. Yilmaz said that the ANAP deputies appearing on the list do not have any information about their DYP counterparts, adding: I believe that this was a goodwill initiative to bring the two parties closer together.

Asked to comment on press reports that certain deputies will transfer to ANAP, he said they are untrue. Yilmaz stressed that he did not have a meeting with Sinasi Altiner, minister of energy and natural resources. He added that the idea of transfers in politics is unacceptable to him.

[Begin Yilmaz recording] There is no transfer in politics. It exists between soccer teams, maybe. In politics, if persons are loyal to their principles, they determine their own lines. At the moment, we are going through an important organizational phase that will determine the future of Turkish politics. I made an appeal earlier. I called on all the members of parliament to correctly analyze and calculate the factors that obstruct cooperation or the establishment of a joint government between ANAP and the DYP. Of course, all the deputies who feel responsible for this issue will do this calculation and determine their own stand. This should not be confused with past transfers in Turkish politics. [end recording]

Turkey: Yilmaz on Coalition Options, 12 Feb Deadline

TA0502194696 Ankara TRT Television Network in Turkish 1800 GMT 5 Feb 96

[FBIS Translated Text] Motherland Party [ANAP] leader Mesut Yilmaz, who has been assigned to form a government, has said that as long as the parties' attitudes toward each other remain the same, given the current political scene it will be impossible to form a government that does not include or is not supported

by ANAP. He was replying to questions at a Ramadan dinner he hosted for journalists in Ankara.

Stressing that a coalition with the Welfare Party [RP] has not yet been discussed within the party, Yilmaz added that the ANAP deputies, however, do not object to a coalition with the RP. Pointing out that some of his colleagues have serious objections to a government led by RP leader Erbakan, Yilmaz added that he will take these objections into consideration when he goes to discuss the government issue with Erbakan. He noted that leaders of parties that received 19-21 percent of the votes do not have the right to insist on the premiership for an entire term. Noting that he does not consider the statements made by RP spokesmen to the press binding, Yilmaz added that ANAP expects the RP to display a stand open to conciliation.

He said that the ANAYOL [acronym for main path, based on combination of elements in ANAP and DYP, the True Path Party] formula has not yet been blocked, adding that he will try to open this path at his upcoming meeting with Tansu Ciller. He said: The only reason for the ANAYOL deadlock is Ciller's insistence on becoming prime minister.

Yilmaz said that none of the coalition formulas attributed to him in the press are true and that the proposals to be taken to the political parties will take shape only after the party assembly group meeting tomorrow. Yilmaz concluded by saying that he will either form a government or relinquish the task of forming one by 12 February.

Turkey: DYP Group Reportedly Trying To Overthrow Ciller

NC0502195196 Istanbul YENI GUNAYDIN in Turkish 4 Feb 96 p 8

[Report by Yalcin Mangil]

[FBIS Translated Text] A movement to overthrow Ciller has been launched within the DYP [True Path Party]. State Minister Cavit Caglar and Baki Tug, a member of the DYP Central Administrative Board, said: "The movement to destroy Ciller has begun."

While political circles are assessing the action plan launched following Cavit Caglar's meeting with the [former] parliament speaker Husamettin Cindoruk, the plan will reportedly be put into effect by a decision of the Central Administrative Board, Central Decision-Making Board, and Founders Board to submit a motion of no-confidence in Ciller, after which Ciller will be referred to the disciplinary council.

Impossible for us to forgive

Caglar said that by insisting on remaining prime minister Ciller is aiming to block the path to ANAYOL (Motherland Party-True path Party coalition) for good.

Confirming that he held a meeting with Cindoruk to discuss party matters, Caglar said: "It appears that the path to ANAYOL has now been blocked. We are trying to reopen it. The DYP is disintegrating. We have to stop this. It received 27.5 percent of the votes in 1991. It fell to 21.5 percent in 1994 and to around 19 percent during the last elections. This is a failure. Those who are unsuccessful can no longer remain in their posts."

Headquarters to topple Ciller

The DYP members, Caglar included, who launched a movement to topple Ciller set up a headquarters at No 28/13 house on Karanfil Street in Ankara. Baki Tug was put in charge of this headquarters.

In a statement to YENI GUNAYDIN, Tug said that they are acting together with Cindoruk, Caglar, and some members of the Central Administrative Board and Central Decision-Making Board.

Indicating that "we will remove the lady from party chairmanship," Tug said that Ciller is their target and added: "We have been working for the unification of the center-right for the last two and half years. The center-right parties' votes fell from 52 percent to 38 percent. Some 14 percent of our votes went to other parties as protest votes. The DYP elected a former SHP member Kamer Genc as the deputy speaker of the parliament. The DYP is losing sight of its mission. We must remove those who are ineffectively occupying positions of power."

We are ready for any assistance

Nurullah Aydin, a member of the DYP General Decision-Making Board, too said that Ciller is on the verge of destroying the DYP and added: "We are ready for anything to overthrow Ciller."

Turkey: Baykal Sees DYP-ANAP Cooperation Necessary

TA0602155696 Ankara TRT Television Network in Turkish 1358 GMT 6 Feb 96

[News conference by Turkish Republican People's Party leader Deniz Baykal after a meeting with Motherland Party leader Mesut Yilmaz at the Turkish Grand National Assembly — live]

[FBIS Translated Excerpt] [Baykal] [passage omitted]
As you know, given the current parliamentary composition, there are not many alternatives for a government

formula. Unfortunately, the Republican People's Party [CHP] does not have sufficient numbers to either create or avert a government crisis. Therefore, in this regard, the CHP cannot assume the direct responsibility of forming a government. We are only conveying to the political parties that hold decisive positions with regard to this matter our thoughts on what they must do for the speedy establishment of a government. We are trying to bring about an agreement or conciliation between them. We are also trying to block unfeasible pursuits, present solutions, and, if possible, develop and strengthen these solutions. This attitude does not at all depend on ensuring an effective role for the CHP in a new government. We want Turkey to have a government as soon as possible. We are also telling our colleagues that we are definitely not seeking a special position for the CHP.

In this context, we sincerely related to Mr. Yilmaz our assessment concerning a new government formula. It was a very beneficial, good, and candid meeting. The situation is clear. The current parliament makes it necessary for either the Motherland Party [ANAP] or the True Path Party [DYP] to cooperate with the Welfare Party [RP] or for the DYP and ANAP to reach an agreement on the establishment of a government. There are only two ways: Either the DYP or ANAP will reach an agreement with the RP and establish a government, or ANAP and the DYP will agree among themselves, try to resolve their differences, and create a coalition government that is able to receive a vote of confidence.

In addition to these two alternatives, there are also minority government models. This also depends on an understanding between ANAP and the DYP. Unless these two parties agree to support a minority government, this option also appears impossible. A minority government is not exempt from the need to obtain a vote of confidence. Such a government also needs 276 votes of confidence. Some of the parties that will cast a vote of confidence for the minority government may opt not to partake in the government. If a minority government is to be established in Turkey, the DYP and ANAP must reach an understanding on the kind of minority government to be formed.

The stand of the CHP is very clear, as we candidly stated in the past. We will not take part in a government model that will include the RP. There is no question of the CHP participating in a government with the RP, supporting such a government, or contributing to it directly or indirectly. The CHP party assembly discussed this matter and decided on it. We will not contribute to or support Mr. Yilmaz's efforts to establish a coalition government with the RP. We conveyed this very clearly to Mr. Yilmaz today. I feel the need to

announce this to the public as well in order to contribute to realistic assessments.

During today's meeting, I attempted to explain to Mr. Yilmaz that the fundamental claim we made immediately after the 24 December elections is now more important than ever. The DYP and ANAP must reach an agreement. A coalition government must be established in Turkey. Nothing can be achieved through minority governments. Minority governments are traps parties set for one another. Given these traps, it does not appear easy to establish a government that will resolve the structural problems of a country on the verge of important choices and difficult decisions. The parties must shoulder the problems of the country and be ready to share the responsibility of Turkey. [passage omitted]

The DYP and ANAP must cooperate. However important and justified they appear, the factors that prevent this cooperation are meaningless compared to Turkey's interests. A solution must definitely be found. The factors presented as the reasons for this deadlock must be resolved between the two parties. We are ready to contribute in any way to the solution of this issue. We want a coalition government based on this togetherness to be established in Turkey as soon as possible so that everything will be activated, the economy will begin to function, the bureaucracy will fulfill its duty, the outside world will begin to see a strong government that has won parliamentary confidence, and Turkey will overcome its difficulties as soon as possible. [passage omitted]

[Unidentified correspondent] If a minority government becomes inevitable but the DYP and ANAP fail to reach conciliation, would you support a possible minority coalition between ANAP and the Democratic Left Party?

[Baykal] If the DYP and ANAP fail to reach conciliation, neither Mr. Ecevit nor the CHP will be able to bring about the establishment of a minority government, even if we decide to support it.

[Correspondent] There are reports about a transfer [of DYP deputies].

[Baykal] That is a different matter. We do not know that yet. Given the current parliamentary composition, even the establishment of a minority government depends on an agreement between ANAP and the DYP. If a minority government is to be established, ANAP and the DYP will decide on this together, regardless of whether they will both partake in such a government. Our Constitution and the existing political structure of our parliament do not allow the establishment of a

minority government without the endorsement of the two parties.

[Correspondent] If we suppose that these transfers materialize...

[Baykal, interrupting] This is more than a hypothesis. It would create a completely different picture. A government cannot be established on the basis of hypotheses. We are conducting serious government talks between two parties, and the political basis of these talks must be realistic, current, and objective. We conducted our meeting on the basis of the existing political situation. Any talks beyond that would have turned this meeting into a chat rather than government negotiations, and we were careful not to do that.

[Correspondent] Didn't Mr. Yilmaz make a coalition proposal to you? Did you only engage in mental exercises?

[Baykal] We clearly stated that we will not support a possible coalition between ANAP and the RP.

[Correspondent] Was this proposed?

[Baykal] Yes. Mr. Yilmaz asked our view on this issue. He asked if we would contribute to such a coalition. In turn, we declared in a determined and categorical manner that this is out of the question.

[Correspondent] The DYP and ANAP are unable to agree on the question of the premiership. Did you offer a solution to this problem?

[Baykal] We regard DYP-ANAP cooperation as inevitable for a government. We know that they reached an agreement previously on a rotational premiership model. We welcomed such an agreement. We believed that once an agreement is reached on the principle, it would be easy to overcome the possible difficulties in its implementation. Recent developments, unfortunately, have demonstrated that this is as difficult as the essence of the matter. This problem must be overcome, and we do not know what to do because it does not relate to us. It concerns the leaders of the two parties. At this stage, we cannot say what kind of flexibility or new proposals are needed to overcome this problem. Only the leaders of the two parties can do this. Should they seek new ways to break the impasse, we can reassess the situation.

[Correspondent] Can a government that excludes the party that came first in the elections be successful?

[Baykal] There are many factors that determine the success of a government. It is also a fact that three political parties received an almost equal share of the vote. These three parties each received around 20

percent of the vote, with slight differences between them. It is not right to insist that the party that received slightly more votes will play a decisive role in the success of the government. Two political parties that received around 20 percent of the vote each can be successful if they provide the correct policies and cadres. I do not accept the view that success depends on the rule of one particular party. [passage omitted]

[Correspondent] In your view, which model does Mr. Yilmaz view more favorably: one with the DYP or the RP?

[Baykal] Mr. Yilmaz appears to be approaching all the possibilities with a cool head. I did not get the impression that he has a preference, but I observed that he is studying all the options. It can be said that he regards a coalition with the RP as a possible alternative.

[Correspondent] Your statements give us the impression that Mr. Yilmaz favors a coalition with the RP. Is this correct?

[Baykal] No. I would be misleading you if this is the impression I gave you. This is not my impression. He is approaching all the options equally. The meeting focused more on DYP-ANAP cooperation, because we believe it is the more appropriate alternative. We stressed our views on this subject.

[Correspondent] Was a third name mentioned for a DYP-ANAP coalition?

[Baykal] No, we did not mention any names.

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